

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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D 8523 B

Reagan faces crucial test at polls, Page 19

Table with exchange rates for various countries including Australia, Belgium, Canada, etc.

World news Business summary

Yamani replaced as Saudi Oil Minister Hopes for Japan rate cut boost US bonds

Sheikh Yamani was last night replaced as Saudi Arabia's Oil Minister, according to the official government news agency.

Mr. Hillsham Nazir, Saudi Arabia's Minister of Petroleum, has been appointed acting Oil Minister.

Aircraft intercepted Iraqi jets intercepted an aircraft carrying a special envoy of the Emir of Kuwait over Iraq, forcing it to divert and land in the Soviet Union, an Iran news agency said.

African leaders meet Leaders of the six Frontline states meeting after Mozambique President Samora Machel's funeral.

Sit-in at GM unit Black employees at the General Motors plants in South Africa staged a sit-in over the US parent company's plans to withdraw.

West Berlin shooting The Revolutionary Cells urban guerrilla group claimed responsibility for shooting a leading West Berlin civil servant in what security experts said could be a disturbing sign of political violence.

Grenade on Airbus A mid-air blast on a Thai Airbus which injured 62 people and forced an emergency landing in Japan last Sunday may have been caused by a smuggled hand-grenade, investigators said.

Fraudster jailed West German building group chief Horst Esch was jailed for 6 1/2 years and fined DM 90,000 (\$45,000) at Koblenz for defrauding a Saudi Arabian shareholder of DM 100m.

Refugee camp clash Rocket, mortar and machine-gun clashes erupted between Palestinian guerrillas and Shia militiamen at a refugee camp on the edge of Beirut.

Craxi visits China Bettino Craxi became the first Italian Prime Minister to pay an official visit to China, Page 2.

French poor plan The French Government launched a programme to ease the plight of the poor as more and more unemployed are losing their benefits, Page 3.

Gibraltar status plan Gibraltar's ruling party is to consider a proposal to turn the colony into a free state associated with Britain with increased local powers.

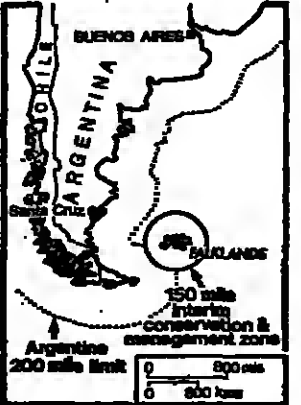
War crimes charge Jean Leguay, 77, French police chief during the German occupation in the Second World War, was charged with crimes against humanity for alleged deportation of Jews from France.

President's mishap Swiss President Alois Egli's car went out of control and hit three parked cars when he left his Bernese office last night. He was breathless at his own request and found to be alcohol-free.

UK to establish fisheries zone around Falklands

BY ROBERT MAUTHNER AND JIMMY BURNS IN LONDON

BRITAIN yesterday announced that it was unilaterally establishing a 150-mile fishing zone around the Falklands in a move that could lead to a flare-up of the dispute with Argentina over sovereignty over the islands.



Although the restrictive zone is not being extended, Sir Geoffrey Howe, the Foreign Secretary, told the House of Commons that all vessels fishing within the area would need a licence from the Falkland Islands Government.

Paris nears accord on frozen \$1bn loan to Iran

BY PAUL BETTS IN PARIS

FRANCE and Iran have made substantial progress in their efforts to reach a settlement of their financial dispute over a \$1bn loan advanced in 1974 as part of the Shah's efforts to join the Eurodollar European uranium enrichment consortium.

London SE computers survive a full day but hitches persist

BY ALAN GANE AND CLIVE WOLMAN IN LONDON

EMERGENCY MEASURES implemented overnight by London Stock Exchange computer staff kept its central price and trading information system operating throughout yesterday, the first full day in which there have been no suspensions because of technical problems.

Flotation values NTT at record Y18,700bn

By Carla Rapoport in Tokyo

NIPPON Telegraph and Telephone, Japan's communications utility, stands to become the world's largest company in terms of market value, on the basis of the fixing yesterday by the Japanese Government of a price for the sale of its shares.

Even with the newly softer tone to the yen, this figure is equivalent to about \$117bn, eclipsing IBM, which at its peak earlier this year could barely attain \$100bn in market worth.

Paris nears accord on frozen \$1bn loan to Iran

BY OUR TOKYO STAFF

NIPPON STEEL, Japan's largest steel company, is planning a sharp reduction in the working hours of its employees, the first such cut-back in the history of the Japanese steel industry.

London SE computers survive a full day but hitches persist

Olivetti and AT&T sign 10-year deal

BY ALAN FRIEDMAN IN MILAN

OLIVETTI, the Italian office equipment group, and American Telephone and Telegraph (AT&T) have renegotiated their three-year-old commercial and financial alliance and replaced it with a 10-year deal.

Even with the newly softer tone to the yen, this figure is equivalent to about \$117bn, eclipsing IBM, which at its peak earlier this year could barely attain \$100bn in market worth.

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EUROPEAN NEWS

GONZALEZ STAMPS HIS AUTHORITY ON SPAIN'S PARAMILITARY POLICE

Civilian to head Guardia Civil

BY TOM BURNS IN MADRID

THE APPOINTMENT tomorrow of a civilian to head the Guardia Civil, Spain's paramilitary police corps, marks a watershed. Few other political decisions in contemporary Spain have said so much about the grip that Socialist Premier Felipe Gonzalez has over the system and, by extension, about the consolidation of civilian rule.

Created in 1854 as a rural gendarmerie to put down bandits, the Guardia Civil has, despite its title, always been a fourth branch of the armed services and has always been commanded by an army general. Its officers pass out at the Zaragoza military academy.

With its patent leather tricornes the corps has been an unchanging symbol of authority on the Spanish landscape, revered by the status quo and feared by all.

At different stages in its history it has acted as the power broker in changes of regime. The Guardia Civil's decision to remain neutral in electoral confrontations between Monarchists and Republicans at the start of the 1930s forced the abdication of King Alfonso XIII and its subsequent division between commanders loyal to the republic and those who sided with General Franco's insurgents made the Spanish civil war inevitable.

Francisco tried with the idea of disbanding it because of its dubious



Premier Felipe Gonzalez - open administration for the Guardia Civil

war record but was persuaded instead to tighten up still further its military character under the command of a field general. The untouchable image of the Guardia Civil, which is to a great extent a self-perpetuating corps for a high proportion of its 60,000 men are sons of Guardia, was thus reinforced.

On Friday General Jose Antonio Saez de Santamaría will hand over his command of the Guardia Civil, officially termed the director generalship, to a 43-year-old economist, Mr Luis Roldán, who is a Socialist Party stalwart and has spent the last four years as a government delegate in the northern region of Navarre.

When Mr Gonzalez came to power in 1982 to head the first left-wing government in Spain since the 1938-39 civil war he had every reason for being wary of the Guardia Civil. A year earlier the tricorn emblem had flashed across television screens across the world when Guardia Civil Colonel Antonio Tejero stormed Parliament hoping to spark off a military coup against democracy. As opposition leader Mr Gonzalez had already called for the demilitarisation of the Guardia Civil.

It was characteristic of the new premier's caution and pragmatism that the heady plans for a major overhaul of the corps were quietly shelved. Less predictable was the fact that the existing antipathy developed into a close and open admiration.

One of the defining statements of the metamorphosis the Socialists underwent on reaching government was made by Interior Minister Mr Jose Barrionuevo, who said that his cabinet post had allowed him to "discover" the Guardia Civil. The embarrassment of the party's left wing, Mr Barrionuevo paid gushing

tributes to the discipline, professionalism and capacity for self-sacrifice of the corps.

The Guardia Civil was meanwhile taking the brunt of the urban guerrilla campaign launched by the Basque separatist organisation Eta. The death of 17 guardsmen in Madrid this summer in two Eta car bomb attacks put the corp's casualties from Basque violence beyond the 150 mark.

In Mr Gonzalez and Mr Barrionuevo, the Guardia Civil found staunch supporters. This emerged most clearly in September when the government endorsed a decision by the outgoing Director General, Saez de Santamaría, in refusal permission for 90 of his men to appear in an identification parade before a Spanish judge who was investigating allegations of torture against Basque detainees.

The success of the Socialist Government's policy in winning the trust of the Guardia Civil is measured by its ability to appoint Mr Roldán to head it. The reforms of the Guardia Civil that will undoubtedly follow will come gradually in accordance with Mr Gonzalez's style of government. Mr Roldán will be charged with whitening down the overtly military nature of the corps and with putting an end to charges that it mistreats detainees.

Poland urged to invest in high technology industries

BY CHRISTOPHER SOBINSKI IN WARSAW

POLAND'S capital investment plans up until 1990 present little hope of closing the technological gap with the advanced countries and threaten the country's future ability to service its \$32bn (£22.2bn) external debt.

This warning comes from Mr Mieczyslaw Fracki, the managing director of Unutra Electron, a Polish electronics manufacturer, and a Communist Party Deputy in parliament.

Speaking in a committee debate on Tuesday on the draft of the 1986-1990 Plan which is to be approved by the end of the year, Mr Fracki demanded that spending plans be revised to favour high-technology sectors at the expense of heavy industry, including energy and coal mining.

The promise of modernisation and economic restructuring was no more than a slogan, Mr Fracki implied, pointing out that in recent years heavy industry has been spending 47 per cent of the funds available while its share under the draft plan is to rise to 49 per cent.

The electrical and machinery sector, which includes engineering and high-technology, will fall from 26 per cent to 17 per cent, Mr Fracki said.

Defending the draft plan, Government officials pointed out that the energy and fuel sector investment plan had already been cut by almost half, while the mining ministry is warning that coal output will be 3m tonnes short of the 198m tonnes targeted for production in 1990 and is predicting serious energy shortages in the years beyond.

Craxi to start China visit

BY JOHN WYLES IN ROME

MER BETTINO CRAXI will set another precedent today when he becomes the first Italian Prime Minister to pay an official visit to China.

The purpose of the brief trip, which will last until Sunday, is almost entirely political. The two governments are apparently keen to exchange views on a number of global issues while, in domestic Italian terms, the visit will consolidate Mr Craxi's image as an important figure on the world stage.

The Chinese are no doubt interested in getting to know Italy's longest serving post-war prime minister and the first Socialist to hold that office, before he is due to hand over to a Christian Democrat next March.

Accompanied by Mr Giulio Andreotti, Foreign Minister, Mr Craxi will have talks with the Chinese Prime Minister, Zhao Ziyang, with the President,

Li Xianlan, with the party secretary, Hu Yaobang, and finally with Deng Xiaoping, China's leader.

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ROME, 10 & 11 November 1986

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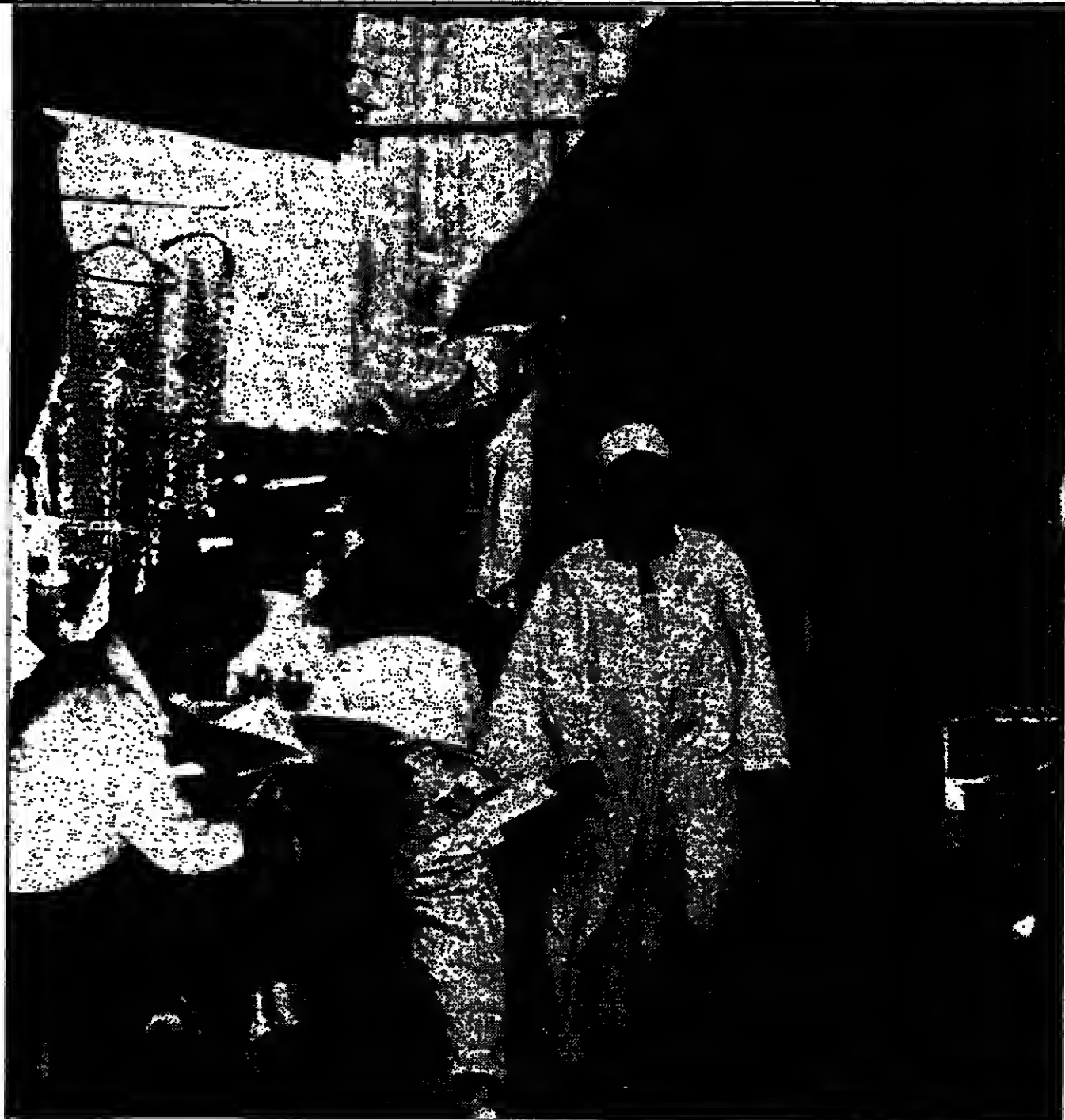
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طيران الامارات

EUROPEAN NEWS

Ireland could sever links with Libya over IRA backing

BY HUGH CARNegie IN DUBLIN

MR Peter Barry, the Irish Foreign Minister, said yesterday Dublin would have to consider cutting off diplomatic relations with Libya if Tripoli did not stop supporting the Irish Republican Army.

He described as "appalling and outrageous" comments by Col Muammar Gaddafi to an Irish television interview in which the Libyan leader expressed support for the IRA and said the youth of Ireland should fight Britain's "colonial presence" in Northern Ireland.

"We wish to have normal relations with the Libyan people but that is impossible as long as the leadership of Libya seeks to bring down the democratic institutions of this state," Mr Barry said in a statement. "The final step" of severing relations would have to be considered if support for the IRA did not cease.

The minister said he was sending Ireland's ambassador in Rome, who is also accredited to Libya, to Tripoli for the third time this year to seek assurances on this. Ireland's main link with Libya is through most exports which are worth about £15m (£20m) a year.

In London, a Foreign Office spokesman said: "We share the Irish Government's abhorrence of all those like Col Gaddafi who support terrorism of any kind."

Col Gaddafi refused to say in the interview, conducted through an interpreter, whether Libya supplied money and arms to the IRA, but both British and Irish governments say it has. It is not clear what level of support is currently forthcoming. The strongest recent evidence came early this year when a rifle was found hidden on an aircraft at Dublin airport which had recently visited Libya and the words "Libyan armed forces" were found on crates of guns at an arms find near the Northern Ireland border.

The Gaddafi interview caused a further political stir in Dublin because the Libyan leader said he supported Mr Charles Haughey, the leader of the opposition Fianna Fail party, whom he considered a friend. Politicians from the main government party, Fine Gael, were quick to try to make capital of this, with Mr Michael Noonan, the Minister of Industry and Commerce, suggesting it could harm the prospect of attracting US investment to Ireland.

Paris launches scheme to aid new poor

BY PAUL BETTS

THE FRENCH government launched a new programme yesterday to ease the plight of the poor at a time when the country has been facing an increasing problem of unemployed people losing their benefits.

This has led to a phenomenon known in France as "the new poor" who have become a major social challenge for the authorities.

The measures approved by the Cabinet of Prime Minister Jacques Chirac yesterday, include the payment of a FF2,000 (£215) monthly allowance by local authorities for people

over the age of 25 without work and without any source of revenue.

This includes the absence of any form of salary, unemployment benefits, disability pensions and family allowances. To qualify for the new poverty allowance, an individual must have resided in a given department for at least two years. A foreigner domiciled in France can also apply for the new allowance if his papers are in order.

The local communities will grant the new monthly allowance for a period of six months at a time in exchange for part-time work.

Reykjavik still seen as useful, says Gorbachev

BY PATRICK COCKBURN IN MOSCOW

MR MIKHAIL GORBACHEV, the Soviet leader, said yesterday that the city of Reykjavik was still seen as useful but the ability of either side to develop new weapons would prevent a radical reduction in nuclear arsenals.

In a letter from Mr Gorbachev to a Finnish citizens' organisation published in the lead-up to the meeting between Mr Edouard Shevardnadze,

Soviet Foreign Minister, and Mr George Shultz, his US counterpart, Mr Gorbachev said: "The Reykjavik summit next week, the Soviet leader underlined his total opposition to 'Star Wars' and of breaking up the package of nuclear arms reduction measures."

For the moment, the Soviet Union seems unclear about what steps to take next, and is still waiting for the dust to settle after Reykjavik.

Patrick Blum in Vienna chronicles a bitter row which comes at a critical time for Austria's environmentalist party

Internal split blights Greens' election hopes

BITTER public disputes among Austria's Greens have ruined months of efforts to form a united front for the general election on November 23 and are likely to reduce the Greens' chances of winning a sizeable representation in parliament.

Instead of a united common list of candidates through out Austria there will now be at least two groups competing for votes in the important electoral district of Vienna. The split between the majority "moderate" and a much smaller but very vocal radical faction has also seriously tarnished the Greens' image as a more tolerant and democratic alternative to the big parties.

The rows could not have come at a worse time. With less than four weeks to go before the election the ruling Socialist Party, which stands to lose most votes to the Greens, has been cheered by this unexpected bonus to its own campaign.

The only people that can stop

the Greens from getting into parliament are the Greens themselves. We are really throwing away our chances. If we had just agreed and done nothing else we could easily have won 15 seats", she says.

Socialist officials believe that despite the disputes the Greens will be represented in the federal parliament for the first time, but they now expect them to win only seven or eight seats - about half initial estimates - in the 183-member parliament.

The rows came to a head recently over the choice of leading candidates in Vienna. An unmediated slugging match followed as prominent Greens traded insults and accused one another of undemocratic, fascist and totalitarian behaviour.

Until then the Greens' standing in the opinion polls had been steady, although not only at the Socialist's expense. According to polls carried out just before the latest row the Greens could hope for up to 8 per cent of the vote. This would have ensured them between 15 and 20 seats and placed them well ahead of the small right-wing freedom party - the junior party in the

Socialist-led government coalition formed after the general election in May 1983.

In that election the Freedom Party won just under 5 per cent of the vote and 12 seats in parliament. It is now fighting desperately to maintain its position following sharp internal splits between liberal and nationalist factions.

Ms Meissner-Blau's campaign - an electoral alliance of the conservative Vereinigte Grünen Oesterreich (VGO) and of the majority of the left-wing Alternative List (AL) - is widely represented in Austria and it commands the most support among the Greens. Her supporters are seeking to capitalise on her success in the presidential election when she won a surprising 5.5 per cent of the vote. They admit that this has been made more difficult by the recent dispute.

The row was precipitated after a meeting of Greens in Vienna decided to abandon Ms Meissner-Blau as their leading candidate, replacing her and several other moderate candidates with some of their own more radical members. Ms Meissner-Blau said that the meeting had been rigged and packed with ex-

treme elements that were unrepresentative of the Green movement. Its decisions were unacceptable and a breach of the agreement that had been drawn up by the various Green groups, she said.

Accusations and counter-accusations escalated until the Vienna group decided to run its own list - the Grünalternativen Demokratischen Liste (GAL) - in the capital and seek support in the provinces. To Ms Meissner-Blau's relief the radical group has not been able to enlist sufficient support to be on the ballot in any of the provinces.

Ironically the row may have strengthened Ms Meissner-Blau's standing. Now that she has broken with the radical groups in Vienna she may win additional votes from the more conservative Greens as well as from protest voters alienated by the Vienna group's pronouncements about putting an end to capitalism and comparing them to liberation movements in the Third World.

In contrast Ms Meissner-Blau emphasised environmental issues and the defence of human and civil rights when presenting her campaign platform earlier this week.

She attacked the established parties which she suspects of being behind some of the Greens' recent problems.

All the established parties, and the Socialist Party foremost among them, stand to lose votes to the Greens and this is worrying them, she says. She estimates that out of 10 seats for the Greens six would probably come from the Socialists, two from the Conservative People's Party and two from the Freedom Party.

She is convinced that some of her opponents have been manipulated. "We have strong indications that all of this is quite intentional." She says that there are also indications that money is being put up to finance new groups or individual candidates to split the Green vote.

Much is at stake in the forthcoming election. The Socialist Party is making a last ditch effort to stay in power, and the conservative People's Party is desperate to get back in government after 16 years of opposition. With neither party expected to win an overall majority a "grand coalition" between them - as was the case from the end of the war until 1986 - is strongly on the

cards, although other permutations including an arrangement between one of the main parties and the Greens or the Freedom Party are also possible.

This makes what happens to the Greens and the Freedom Party - both of which are competing for an expected large number of protest votes - an important if unpredictable political factor.

While the Greens are focusing on environmental issues and calling for more direct democracy, the Freedom Party under its new nationalist leadership is making the defence of the "small man" against bureaucracy and privilege its main theme. Both the Freedom Party and the Greens share a strong dislike for the traditional consensus politics of the two big parties which they see as a source of widespread corruption.

Their simple message appears to be winning support from a small but growing section of the electorate who have grown tired of 16 years of Socialist rule and remain unimpressed by the People's Party. It also makes them very difficult if not impossible partners for a future government.

Norwegian opposition falls out over budget

NORWAY'S Labour Government looks set to survive a parliamentary test of its 1987 budget after the three main opposition parties failed to produce a joint budget alternative, Reuters reports from Oslo.

Last-minute efforts by the Conservative, Christian People's and Centre parties to agree a common budget programme collapsed over disagreement on tax and public spending cuts.

The breakdown defused earlier opposition threats to topple Prime Minister Gro Harlem Brundtland's Government in next week's budget vote and leaves Labour free to negotiate a parliamentary majority for its budget.

"If Labour's economic policy is to be implemented, it is best done by Labour," Mr Rolf Presthus, Conservative Party Leader, said.

The three parties, which shared power in a Conservative right-centre coalition from 1983 until May, have attacked Labour's budget as expensive, inflationary and ineffectual in dealing with Norway's deepening economic problems.

But Conservative plans to increase spending on extensive social welfare programmes for Norway's 4m people and ease taxes to stimulate economic growth proved unacceptable to its two former coalition partners.

Norway, Europe's second-biggest oil producer after Britain, has been especially hard hit by falling prices

Community steps forward on consumer protection

BY QUENTIN PEEL IN LUXEMBOURG

A PLAN to provide greater protection for consumers throughout the EEC involved in hire purchase and credit transactions took a hesitant step forward yesterday.

A handful of Consumer Affairs Ministers meeting in Luxembourg - only five of the 12 turned up - agreed that credit transactions must provide consumers with a calculation of the real annual rate of interest involved.

They also managed to agree on the size of transactions to be covered by the proposed EEC directive - those between Ecu 200 (£146) and Ecu 20,000 (£14,600).

The proposed directive was first put forward by the European Commission in 1979.

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Norway, Europe's second-biggest oil producer after Britain, has been especially hard hit by falling prices

Plan to clean up Danish seas

BY HILARY BARNES IN COPENHAGEN

DENMARK'S Environment Minister, Mr Christiansen, has presented a seven-point anti-pollution "action plan" to save the seas around the Danish coast.

The Government has been stampeded into action by environmental organisations following the discovery this autumn that increasing areas of coastal waters are running out of oxygen.

Tonnes of dead shell fish and

lobsters were the only catch which Danish fishermen found in their nets last week after trawling in the Kattegat, north of Zealand. Several other areas off the coast of Jutland are also reported to be lifeless as a result of pollution.

The action plan is expected to cost Kr 2m-10m over the next three year or so, although this includes money spent on programmes already being implemented.

The main points in the plan include more stringent standards for waste cleaning, the speeding-up of programmes to clean effluents from industry and households, and substantial reductions in pollution arising from seepage of agricultural wastes.

The Government is proposing that the farmers should cut the use of artificial fertilisers by 100,000 tonnes to 280,000 tonnes a year by 1990.



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West Berlin shooting claim

THE Revolutionary Cells urban guerrilla group has claimed responsibility for shooting a West Berlin official, Reuters reports from West Berlin.

Mr Harald Hollenberg, a senior civil servant in charge of processing applications for asylum in West Germany, was shot twice in the legs yesterday outside his home. The two assailants escaped.

Mr Manfred Ganschow, State Security Chief, said he was making seriously a letter received by newspapers in which the Revolutionary Cells claimed responsibility.

The letter, bearing a crude star and the letters RZ (Revolutionary Cells), described 54 year-old Mr Hollenberg as a "man-killer and office-desk criminal."

The attack came just hours after the headquarters of Lufthansa, the West German state airline, was bombed in Cologne.

The Revolutionary Cells also claimed responsibility for this attack, citing Bonn's efforts to curb a flow of refugees into West Berlin, mainly from the Middle East.

The Revolutionary Cells letter said foreigners in West Berlin were harassed by police and compared Hollenberg with Reinhard Heydrich, the Nazi security chief who was assassinated in Czechoslovakia in 1942.

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AMERICAN NEWS

Nancy Dunne in Washington on bipartisan attempts to undermine male domination of politics
Women's movement takes to the campaign trail

IN A YEAR of impressive political firsts for American women, Miss Barbara Mikulski, the short, scrappy Democratic candidate for the Maryland Senate seat has her eyes on the history books.

The five-term Congresswoman has all but ignored the flailing attacks by her opponent, Mrs Linda Chavez, a former Reagan White House aide, who accuses Miss Mikulski of being too liberal, too "anti-male" and of once sharing a home with a part-time staff member with "Marxist ideas."

With the election just five days away, Miss Mikulski seems well on her way to becoming the first woman from the Democratic Party elected to the Senate without having succeeded a husband.

Maryland's race has drawn particular attention because it borders Washington, DC and it is a Republican Senate seat likely to go to a Democrat. But all over the country, women are making gains, particularly in the coattails for state offices. The advances are being made despite the devastating loss in 1984 by Ms Geraldine Ferraro, the first woman to run for vice-president on a national ticket.

In Nebraska, two women for the first time are facing each other in a gubernatorial race. The winner will become the eighth American woman governor in history.

A candidate for lieutenant governor in Massachusetts may



US mid-term election

become the first woman to win state-wide office in that otherwise progressive state.

Women are also opponents in three Congressional races. Mrs Kathleen Kennedy Townsend, daughter of the late Senator Robert Kennedy, is the first female Kennedy to try for elected office in a longshot House race against a popular Republican incumbent Mrs Helen Bentley.

Six women are running for the Senate, where only two now hold seats. Nine are competing in gubernatorial races, compared with one in 1984. Sixty-three are in Congressional races, one less than two years ago, but more are expected to win.

Almost 1,800 women, more than ever before, are competing for seats in the state legislatures, and three times as many as in 1984 are running for state-wide offices.

A survey by the national women's political caucus found not only a growing number of women candidates, but an increase in women holding top-level, appointed political jobs.

From 1980 to 1985, the number of women appointed to state cabinet positions jumped from 64 to 128.

Feminists consider state-wide political power vital to the passage of a constitutional amendment guaranteeing women equal rights. To win ratification, 38, or three-quarters of the states, must agree on a Congressionally-approved amendment.

The last equal rights amendment (the first was more than six decades ago), passed by Congress in 1972, fell four states short of passage.

It is not by chance that after years of fighting a rear-guard action against conservatives, feminists are making impressive gains this year. According to Ms Irene Natividad, head of the national women's political caucus, many of this year's candidates are "our graduating class."

Many women have been groomed by the movement's many organisations in the last two decades, accumulating experience in local elections. Now they are using their expertise to mount strong bids for higher office. Their odds have increased immeasurably because they are keeping pace with men in raising funds.

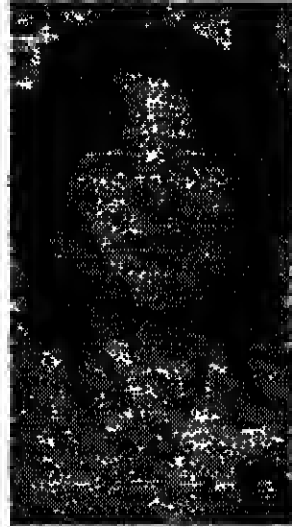
Many of the movement's "founding mothers" have launched come-back campaigns this year. Ms Bella Abzug, the outspoken former Congresswoman who lost races for



Geraldine Ferraro: trailblazing campaign inspired many candidates.

Senator and Mayor of New York city, is in a close race for the House. Ms Martha Griffiths, a former Democratic Congresswoman, is running for lieutenant governor in Michigan.

They are both backed by the Women's Campaign Fund, which raised \$400,000 for the 1984 election and \$450,000 this year. A non-partisan organisation, it requires only that its recipients support federally funded daycare programmes, an equal rights amendment and the right to choose abortion.



Kathleen Townsend: first female Kennedy to seek election.

Conservative women have formed their own fundraising groups, including Ms Maureen Reagan, the daughter of the President and a candidate for co-chairman of the Republican Party.

Both parties have worked to recruit women candidates with about equal success. Three Republican and three Democratic women survived in the Senatorial primaries. More Republicans (34) are competing in House races in the election than Democrats (28), but more

Democratic women ran in the primaries.

Miss Celinda Lake of the women's campaign fund attributed much of this year's gains to the trailblazing run of Ms Ferraro, who demonstrated composure and grit during her controversial candidacy. A national poll taken after the race found 27 per cent of the American voters more likely than before the election to vote for a woman; whereas 7 per cent said they were less likely to do so. Ms Ferraro's campaign also brought an estimated 4.5m new women donors into politics, said Ms Lake.

While women are increasingly visible on the political scene, their gains must not be exaggerated. If they won all their elections next Tuesday, they could hold no more than 60 House seats of 435, nine of 50 governorships or five of 100 Senate seats.

Ms Eleanor Smeal, president of the National Organization for Women (NOW), the largest feminist group, said at a press conference last week that women "have made a lot of gains, changed the nation's psyche for women's rights."

But she warned that despite the political progress, women are still fighting the notion that they are "a cheap labour pool." There is always "a recalcitrant power establishment ready, when we put our guards down, to try to push the door closed," she said.

More companies in US reach for the poison pills

BY TERRY DODSWORTH IN NEW YORK

MORE THAN a quarter of the top 500 US companies have adopted poison anti-takeover devices in the last three years of frenetic acquisition activity on Wall Street, according to a study by a recently-launched shareholders' rights organisation.

The anti-takeover measures, known as poison pills, are aimed at making takeovers prohibitively expensive to an acquiring company. They are designed to become effective when the purchase has taken place, usually by triggering rights for shareholders to acquire new stock at a deeply discounted rate.

Since they were introduced about two years ago, poison pills have become the subject of intense controversy and have proved to be highly effective.

Many executives argue that the adoption of these anti-takeover devices is justified by the present aggressiveness of corporate takeover experts—the so-called raiders—who have developed sophisticated new financing and legal techniques to attack established companies. Raiders, they say, are often interested only in a short-term profit.

Some institutions, academics and takeover specialists, however, have attacked the pills on the grounds that they allow managers to entrench themselves at the expense of shareholders' interests.

Broad support for this opposition has come from the Securities and Exchange Commission (SEC), the watchdog for the US securities industry, which challenged poison pills

in a court case last year. The loss of this legal action, launched against Household International, an Illinois company which was using a poison pill to protect itself, triggered an enormous growth in the adoption of this anti-takeover device.

The United Shareholders' Association (USA), a new body backed by Mr T Boone Pickens, the Texas oil billionaire who has made a considerable fortune through acquisitions, concludes in its report on poison pills that 131 of the large US corporations in Fortune magazine's 500 list now have these anti-takeover devices.

In a letter to subscribers, he says that it is astounding that the executives of more than a fourth of America's 500 largest industrial companies have purposely poisoned their bylaws in an effort to preserve their pay and perks. In virtually every instance, these poison pills were adopted by tainted executives without shareholder approval.

USA, which Mr Pickens is backing for a year with \$1.3m of his own money, is now launching a campaign to persuade individual shareholders to submit proposals opposing poison pills at annual shareholders' meetings.

The USA moves coincide with a report by the SEC which says that shareholders are usually hurt by a decline in the value of their stock when takeover bids are defeated by the use of poison pills.

Japan and Germany 'must boost growth'

MR JACQUES de Larosiere, managing director of the International Monetary Fund, yesterday called for faster economic growth by West Germany and Japan to complement slower expansion in the US, Kenter reports from Washington.

He told the Southern Centre for International Studies in Atlanta that increased US exports would be possible only if domestic demand growth was sustained at an adequate pace in countries with larger balance of payments surpluses.

West Germany and Japan are the world's largest surplus nations while the US has the biggest trade and current account deficits.

In his speech the IMF head made clear that he was pressing for economic stimulation only if it did not put the goals of durable growth and financial stability at risk.

While the US had to carry through its plan to reduce its huge budget deficit, it could not do the job alone.

Mr Larosiere said the resources released by a lower budget deficit would go toward increased private expenditure and net exports, but markets for those exports had to be sustained.

Turning to the Third World debt problem, Mr de Larosiere said what was needed was stronger implementation of current strategy.

Dubbed the Baker plan after Mr James Baker, the US Treasury Secretary, the strategy calls for commercial banks, the IMF and the World Bank to increase loans to the major debtor countries, undertaking genuine economic reform, rather than the piecemeal measures of recent years.

Life sentence urged for junta police chief

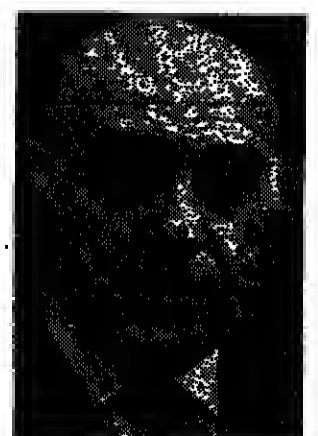
By Tim Coone in Buenos Aires

THE ARGENTINIAN state prosecutor has demanded life imprisonment for two former police chiefs accused of murder, abduction, torture and robbery of detainees' property during the "dirty war" following the 1976 military coup.

The two, General Ramon Campa, former head of the police department of Buenos Aires province and his deputy commissary, Mr Miguel Etchecolata, have been charged with responsibility for over 250 crimes.

The two men headed a repressive security apparatus which established clandestine detention centres where torture was systematically carried out, and from which many detainees never appeared alive again. They are being accused of responsibility for all the acts of their subordinates.

The prosecutor also called for prison sentences ranging



Gen. Campa: accused of 250 crimes.

from 15 to 25 years for five subordinates, including a police sergeant who is accused of torturing dozens of detainees. The prosecutor also named a score of other policemen who are to face trial.

The trial is an important precedent as the prosecutor has insisted that evidence of orders is not a sufficient defence for subordinates.

Venezuela sued by French bank over commercial debt

BY JOSEPH MANN IN CARACAS

A FRENCH bank has begun legal action in New York to recover \$30m owed by a subsidiary of Venezuelan commercial bank taken over by the Government in June 1985.

Banque Europeenne de Banque is one of several foreign banks owed the money by Sociedad Financiera de Comercio, which has been put into liquidation.

Sociedad Financiera de Comercio, its parent company, Banco de Comercio, and other affiliates were taken over by the administration of President Jaime Lusinchi in 1985 to save them from collapse. The Banco de Comercio group owes foreign banks an estimated \$250m.

Foreign banks have been pressing the Government since last year for some commitment to pay the debts of the Banco de Comercio group, but to no avail.

Bankers have been angered by the fact that local creditors have been paid as Banco de Comercio and its affiliates have been liquidated, but foreign financial institutions have not. The lawsuit, which involves a syndicated loan made several years ago, is an effort to pressure the Venezuelan Government — now effectively the owner of the failed bank — to take action on its foreign debt.

The action could complicate negotiations covering Venezuela's public sector debt restructuring agreement for \$21.5bn and private sector foreign debt.

The Banco de Comercio and its affiliates was an important private banking group pushed into insolvency by poor management, and, according to Government sources, by misappropriation of bank funds.



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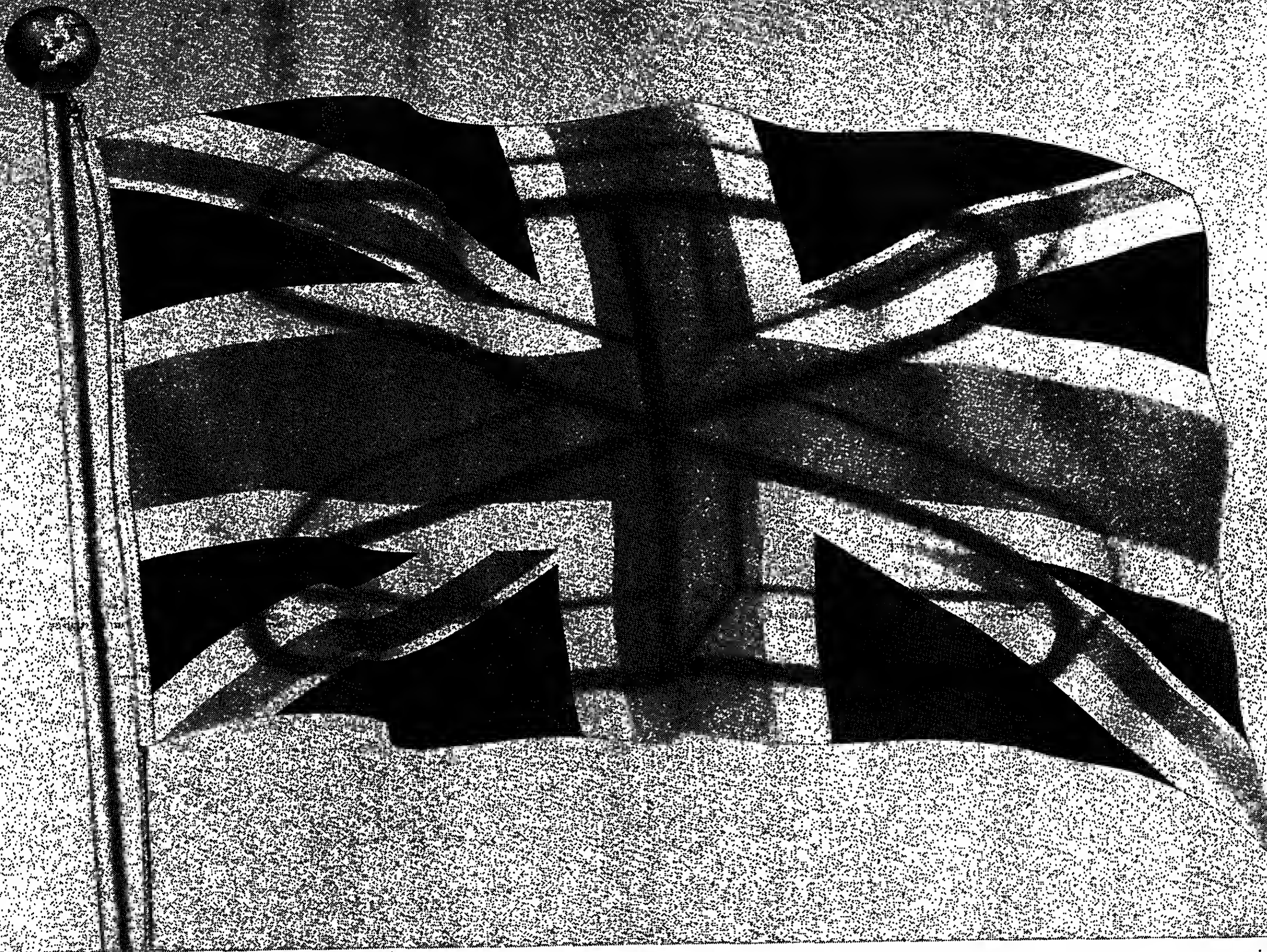
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OVERSEAS NEWS

Key figures distance themselves from Aquino

TWO prominent figures in the Philippines Government yesterday distanced themselves further from the leadership of President Corason Aquino...

FRONT LINE STATES DISMISS THREAT BY REBELS MNR declares war on Zimbabwe

BY TONY HAWKINS IN HARARE AND VICTOR MALLETT IN MAPUTO

LEADERS of the six front line states confronting South Africa, meeting in Maputo yesterday, dismissed a declaration of war against Zimbabwe issued by right wing rebels of the Mozambique National Resistance (MNR).

In Harare, however, the declaration was seen as signalling the intention of rebels to step up attacks on Zimbabwe's shortest route to the sea, known as the Beira Corridor.

The MNR, founded by white Rhodesians and subsequently supported by South Africa, made a formal declaration of war against Zimbabwe in a statement issued in Lisbon late on Tuesday night in the name of its leader, Afonso Dhlakama.

The MNR threatened to attack economic and military targets across the common border in retaliation for the renewed commitment made this week by Mr Robert Mugabe, Zimbabwe's Prime Minister, to "fight to the last man" to prevent a rebel takeover in Maputo.

At yesterday's meeting in Maputo, President Kenneth Kaunda of Zambia, chairman of the front line group, accused Pretoria of being behind the MNR challenge. Their so-called declaration of war is really a question of his master's voice," said Dr Kaunda, speaking at a Press conference after the summit.

The MNR's threats to attack road link and the vital oil pipeline. There is considerable scepticism in business circles here about the ability of the port of Beira, rather than the railway, to handle Zimbabwe's 1.2m tonnes of exports and 1.1m tonnes of import traffic annually.

But Mr Mugabe's weekend pledge to prevent an MNR takeover in Mozambique at any cost, implies that Zimbabwe is ready to step up its military effort against the rebels. This will further exacerbate an already strained budgetary position with a budget deficit of more than \$600m in 1986-87, estimated at close on 12 per cent of gross domestic product.

This large budget deficit is reportedly one of the reasons why Zimbabwe has failed so far to negotiate a proposed export promotion programme with the World Bank and last week, Mr Bernard Chibwa, Finance Minister, said steps were being taken to reduce the deficit.



Zimbabwe are not new and last month MNR forces are thought to have crossed the border into Zimbabwe near Chipinge, south of Mutema, and attacked Zimbabwean forces.

Much more substantial is a consequence of an anti-Zimbabwe campaign by the MNR is the vulnerability to rebel attack of the Beira Corridor, the front line states' only visible trade route to the sea should South Africa impose transport sanctions on Zambia and Zimbabwe.

The widely held view in Harare is that Zimbabwe, which currently has an estimated 9,000 troops in Mozambique (down from 12,000 earlier in the year) would have to step up its military commitment in order to protect the railway line, the

could be made if defence appropriations are to increase further—as Mr Mugabe's comments and the worsening tensions in the region—would seem to imply.

Economic problems notwithstanding, if Zimbabwe does go ahead with sanctions against South Africa during the next month—as seems probable, the Government will be forced to step up its military and logistic support for Mozambique in order to try and reduce its vulnerability.

Diplomatic sources say it is becoming increasingly clear that the hardliners in Pretoria believe that Zimbabwe—as a most militant front line state—needs to be reminded of its vulnerability to South African reprisals. The MNR declaration of war has effectively widened the range of options that Pretoria has at its disposal.

Yesterday's meeting of the front line states, held in the wake of the state funeral of President Samora Machel, was attended by the leaders of Zambia, Zimbabwe, Angola, Botswana and Tanzania.

The Mozambique delegation was led by Mr Marcelino dos Santos, one of the contenders for the presidency.

President Kaunda said that some of the front line states were convinced that South Africa was responsible for the air crash in which Mr Machel died. But he acknowledged that Mozambique itself had reserved judgment.

Australia may handle UK interests in Syria

By Tony Walker in Damascus

BRITAIN has asked Australia to represent British interests in Syria after it closes down its Damascus embassy on Friday. At the same time Lebanon agreed to handle Syria affairs in Britain, according to an unidentified Lebanese foreign ministry official.

The moves follow Britain's decision to sever diplomatic relations with Syria following the conviction in a London court of Mr Nizar Hindawi, a Jordanian carrying a Syrian passport, who was convicted on charges of plotting to blow up an Israeli El Al airliner.

Embassy interest sections do not have a diplomatic status of their own. They are attached to a "protecting" embassy and are mainly concerned with visa applications.

Mr Geoffrey Howe, Britain's Foreign Minister, had urged his EEC colleagues to take still measures against Syria, but they were unable to decide on a coordinated action.

Yesterday West Germany said that it was delaying a decision on replacing its outgoing ambassador to Syria, and examining whether members of the Syrian embassy in Bonn had supported terrorism.

Friedhelm Ost, the German spokesman, made the announcement at a news conference following a meeting of the Bonn Cabinet. He said West Germany's decision to replace its ambassador to Damascus would hinge partly on the trial of Mr Ahmad Nawaf Nassar Hasi, a Palestinian charged with bombing the German Arab Friendship Society in West Berlin last March.

West Berlin authorities have said they suspect Syria had used tear gas and rubber bullets to break up meetings. GFA said that security action had been needed because men had been intimidated.

Grenade 'caused' Airbus blast

BY CARLA RAPOPORT IN TOKYO

THE emergency landing of an Airbus A-300 in Osaka this week was caused by the accidental explosion of a hand grenade, part of a guns shipment being smuggled into Japan from Manila by a group of Japanese gangsters, according to Japanese police reports yesterday.

The incident, involving a Thai Airways jet, injured 62 crew members and passengers, and prompted the immediate dispatch of Airbus officials to Osaka. A suspicion of equipment failure was ruled out, however, when Osaka police yesterday found tiny steel fragments near the torn rear pressure bulkhead. The passenger cabin from the tail section.

The fact that the Airbus jet landed safely after such an explosion proved a fine execution of the design of the A-300. Last August's crash of a Boeing 747 in Japan, which killed 620 people, also involved a break in the rear pressure bulkhead.

In that accident, the break led to the failure of all the aircraft's hydraulic systems which in turn blew off the tail of the plane. The cause of that break has yet to be determined.

In the case of the Airbus incident, two of the aircraft's three hydraulic systems failed, but one kept working, allowing the plane to land safely.

Although Japan has a low rate of crime, it has an active gangster community which deals in prostitution, drugs and arms. Most of the gangs are concentrated in the Osaka and

THE hijacking of a Pan Am jumbo jet last month appears to have been the work of a radical Palestinian group, and the four suspects are from Palestinian refugee camps in Lebanon, a senior Palestinian Foreign Ministry official said yesterday. AP reports from Islamabad.

The spokesman, speaking on condition he was not named, said the investigation showed that the September 5 hijacking of the Pan Am Boeing 747 in Karachi was planned and directed by a radical Palestinian group.

But little progress had been made in identifying the group, and the spokesman was unable to provide any further information.

Kobe area in central Japan. Police officials said that numerous gun smuggling runs have been intercepted on this particular Thai Airways flight between Manila and Japan. The police theory is that the hand grenade was unintentionally set off in or near the rear lavatory of the jet.

Police are now questioning an Osaka man who was injured in the explosion. Private citizens in Japan are not allowed to own guns. As a result, Japanese gangsters generally purchase military equipment in Manila and smuggle it into Japan.

The Thai Airways flight is preferred by the gangsters, police said, because it is one of the cheapest flights between Manila and Osaka.

S Korean police poised to rout student radicals

SOUTH KOREAN riot police were last night massing in the grounds of a Seoul university, apparently preparing to storm campus buildings and arrest nearly 1,000 student radicals barricaded inside, Reuters reports from the Korean capital.

The students, who occupied the library and four other buildings at Konkuk University on Tuesday night after police broke up an anti-government rally, splashed petrol around the buildings and threatened to burn them down if the police moved in.

Police said state prosecutors ordered them on to the campus to detain all the protesters. A spokesman said formal charges would be brought against all those who led the occupation and Tuesday's demonstration of the east Seoul campus. The students said they would

and their attain if the police withdrew from the campus and guaranteed them "safe return home." But police refused to meet the demand.

Government officials said many of the protesters might be charged with breaking the tough National Security Law, which bans all pro-North Korean activities and carries a maximum penalty of death.

The radicals shouted slogans against the Government of President Chun Doo Hwan and called for the withdrawal of the 40,000 US troops stationed in South Korea. Protesters from any attack from the Communist North.

They also accused the Government with fabricating pro-Communist charges against students and demanded the abolition of the National Security Law.

Strikes hit GM plants in S Africa

BY JIM JONES IN JOHANNESBURG

SOME 3,000 men downed tools yesterday at two South African car plants owned by General Motors calling for representation on the new board to be formed when the US parent divests and sells to local managers. The Port Elizabeth plants are being tooled to make the new Monza car which GM had planned to start distributing on November 3.

GM is considering legal action to have the stoppage declared illegal and Mr Bob White, the managing director, said that he would not be blackmailed by the National Automobile and Allied Workers' Union. NAAAWU wants two of the new board's directors to be workers employed by GM. Employee representation on boards is extremely rare in South Africa and Mr White said last week that no black people were involved in the purchase of the South African company.

Yesterday the union said that hourly-paid employees had been kept in the dark about divest-

ment plans announced by GM on Monday last week. Employees knew nothing more than they had read in the newspapers and they had not been told who the company's new owners were to be, the union said.

In Johannesburg last week Mr White told journalists that divestment plans had not been finalised. The company was being sold to a group of local managers and GM distributors, and the US parent would invest new money to refinance its wholly-owned loss-making South African subsidiary.

Mr Louis Nel, the South African Deputy Minister for Information who oversees the country's progressive clampdown on the news media over the past year, will soon leave the Cabinet for an ambassadorial posting, according to newspaper reports quoted by Our Johannesburg Correspondent.

Mr Nel would yesterday neither confirm nor deny the reports. However, he said the expected move could herald wider Cabinet changes as senior politicians in the ruling National Party jockey for position to succeed ageing President F. W. de Klerk.

Some 35,000 striking black miners who had halted production at three of South Africa's gold mines since Sunday, began returning to work yesterday after receiving management promises to negotiate on grievances. The men went on strike at the Kloof, Deelkraal and Doornfontein mines after failing to receive wage increases, negotiated for men at other mines.

The three mines are run by Gold Fields of South Africa, the local arm of London-headquartered Consolidated Gold Fields. Its management had

earlier refused to participate with four other mining houses in mediation procedures with the black National Union of Mine-workers (NUM). Those talks resulted in a settlement for 23.5 per cent, compared with the range of 15 per cent to 20 per cent GFA was prepared to concede.

The union also alleged that 18 men had been arrested by mine security personnel who had used tear gas and rubber bullets to break up meetings. GFA said that security action had been needed because men had been intimidated.

Australia in review of fringe benefit tax

By Chris Sherwell in Brisbane

AUSTRALIA'S Labor Government, bowing to complaints about the application of its controversial fringe benefits tax, yesterday announced changes which will cut revenue from the measure by about 10 per cent.

The changes result from a review of what the Government has called "Unintended consequences" of the tax's application. But they seem unlikely to satisfy sections of the business community.

The tax is being levied on employers at the initial rate of 46 per cent of the value of benefits given to employees. It is aimed at perks like cars, housing and cheap loans. First collections were due around now.

Under the changes employers will now be able to pay the tax and there is little help for mining companies or farmers over housing benefits.

Instead the reforms deal mostly with minor complaints, reducing the burden of keeping log books and exempting petty benefits like late-night taxi expenses or car spaces etc.

Israel to launch drive to increase exports

By Andrew Whitley in Jerusalem

THE ISRAELI Government is to launch a major export drive aimed at increasing industrial exports by over 60 per cent by the end of the decade.

Exceeding diamonds, whose performance relates more to world market than local conditions, the aim is to increase industrial exports from last year's \$3.6bn to \$9bn by 1990.

Responding to calls from industrialists for all available government finance to be concentrated on export promotion, the Industry and Trade Ministry announced this week that export growth would be the driving force behind its forecast of a substantial increase in industrial output.

A policy paper on objectives for industrial development said Israel should be aiming at an average annual growth in industrial output of 12 per cent during the second half of the decade, compared with 8.5 per cent in the first half.

Without identifying the likely sources of finance, the Industry and Trade Ministry states, however, that to achieve these ambitious goals growth invest-

Prison sentence for Singapore businessman

By Steven Butler in Singapore

MR PETER THAM, the former Pan-Electric Industries director, was yesterday sentenced to a three-year prison term for 36 charges of forging share transfer forms and certificates.

Mr Tham still faces two charges of criminal breach of trust and six charges of abetting a criminal breach of trust involving deals with Pan-Electric and its subsidiaries.

The collapse of Pan-Electric in late November last year precipitated a major crisis on the Singapore stock exchange which led to a three-day closure of the exchange and eventually to the collapse of five of the exchange's 25 member-brokers.

The forgeries for which Mr Tham was sentenced yesterday involved 1.8m of Ambassador Hotel shares.

Mr Tham is the third person connected to the Pan-Electric debacle to receive a prison sentence. Others are a Tan Kok Liang, the Pan-Electric financial director, and Mr Tan Koon Swan, the Malaysian entrepreneur and politician

Norton Telecom advertisement featuring a large image of a person and text: 'The business specialists for every calling. More and more informed businessmen are calling on Norton for a new company phone system.'

Lebanese militias regroup to oppose Arafat forces

BY ANDREW WHITLEY IN BEIRUT

LEFT-WING and pro-Syrian militias announced yesterday that a joint force was being formed to try to curb the growing strength of the Palestine Liberation Organisation (PLO) in southern Lebanon, writes AP from Beirut.

Sources close to Mr Walid Jumblatt, the Druse leader, said he was named commander of the deterrent force and that he instructed his lieutenant to select 2,500 recruits from other Muslim and Lebanese left-wing militias.

Mr Jumblatt said yesterday that the return to Lebanon of Mr Yasir Arafat, chairman of the PLO, would expose Lebanon to Syria to new military adventures, which we don't accept."

8th international conference IDATE

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Why I think it's time for a new kind of advertising agency.

by Chris Martin

Sixteen years ago, Saatchi & Saatchi heralded its arrival with a Sunday Times advertisement.

In a nutshell, the ad claimed that much advertising spending was wasted and offered "hard-selling ads that would seize the public mind" as an alternative to the big agencies whose problems were pointed to by the flowering of the creative consultancies.

Now, of course, the famous brothers represent the 'mega' agency. They are no longer throwing the little wooden balls, but are themselves the coconut shy.

But I do not set out to knock Saatchi & Saatchi, where I myself was a founder member. I paraphrase their headline only to draw a comparison between the environment that agency grew up in and the atmosphere now.

Then, as Jeremy Sinclair rightly said, the problem was one of waste. The large agencies had grown up in an era when budgets were huge and advertisers comparatively few. They worked on the principle that given enough taps with the hammer, the nail would eventually be driven home.

During the 70's, the new creative agencies began to rain more imaginative, wittier and harder hitting blows upon the consumer. These agencies grew, merged with, and even took over some of the lumbering giants. So that now, clients who want visible, intrusive advertising have a fair number of options open to them. So why is it once again time for a new kind of agency?

First and foremost are the new conditions under which today's marketers are operating. Increasing competition, market segmentation and retailer power have resulted in a diminishing lifecycle for some products - no one can feel his

brand share is safe. The difficulties of predicting market conditions and the effects of government policy have never been greater. Perhaps most dangerous of all, investors and managers who take too short term a view can make entire businesses vulnerable.

In this climate, some advertisers are (and more should be) making new demands on agencies. More than ever they need an agency team that becomes part of the company team. Does the senior management of your agency spend enough time getting to know your business? Or do they promote themselves as much as their clients?

The modern client also needs greater continuity. And yet the never ending stream of takeovers and buyouts coupled with the scramble to cash in on the USM (which we are as suspicious of as most clients) mean that the advertising industry has never been more unstable or profit conscious at a time when clients need reliability, consistency and value for money more than ever before.

They want a group of people who are prepared to put the brand's fame and fortune before their own. With an ability to question and contribute without being superior. Who are willing to get involved in the practical problems and who understand that a delisting from a major multiple can shatter profitability.

Most important of all, they want access to senior creative people, not the false mystique and creative pique which has hitherto been common place.

None of this represents a magic formula or brilliant new innovation. It's simply a shift in attitude.

One that Edwards Martin Thornton took from the day

it started. The three partners (management, creative and media) had already worked together for ten years, a lifetime by agency standards, and from this solid foundation were able to build an agency specifically designed to meet the new demands of today.

An agency 100% owned by the partners which will certainly jealously guard its independence so it can control the pace of its growth. (Ours has been impressive but properly digested. Starting with no business 18 months ago, we now have twelve clients which bill £9M and include Bass, Singapore Airlines, Securicor, CBI, Jordans Cereals, Olivetti and Hyatt).

An agency where media will always be regarded as part of the creative solution.

An agency which rejects the creative xenophobia of those agencies who turn their noses up at advertising which crosses borders. Uniquely for a start-up, we have created a network of affiliates in seven European markets which has rapidly become a young resourceful alternative for the international client.

An agency which is ruthlessly straight in financial matters. Because if a clear, fair agreement is reached up front, there shouldn't be a need to look for extras.

An agency which is completely open in relationships inside and outside the company and which will never forget that its success depends upon the success of its clients.

Our intention is to build long term associations only with clients who will value our commitment and ideals. We won't appeal to everyone, but if you like the sound of us, call Bob Edwards, 01-631 0304.

If not, Saatchi's number is 01-636 5061.

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WORLD TRADE NEWS

Pirelli-led group wins undersea cable deal

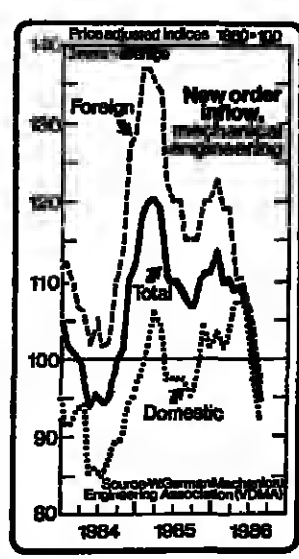
By John Wyles in Rome
A CONSORTIUM headed by the Pirelli Group has won the first contract for supplying and laying under-water fibre optical and telephone cable under Italian plans for renewing its national telecommunications network.

The L47bn (\$384m) contract also involves the French company, Submarcom, which is part of the CGE group, Sirti, the cable layer which belongs to the Italian state-group Iri and Patmo the Italian telephone equipment supplier.

The award to Societa Cavi Pirelli is an important step in the development of the Pirelli group's fibre-optic business. It has been encouraged by the Italian Government to develop a capacity in this key sector when it became apparent that Italy had no contender for the Mediterranean and Global submarine telephone cable networks planned for the 1990s.

The cable contract announced yesterday will be a 280-km link between Sardinia and the Italian mainland near Roma which should be completed by the middle of next year.

Mr Antonio Gava, the Minister of Posts and Telecommunications, said yesterday that it was also envisaged that Palermo in Sicily would become a hub in the international network linking the east and west Mediterranean with pan-European and trans-Atlantic fibre-optic connections.



German engineering US sales growth falters

BY ANDREW FISHER IN FRANKFURT

West Germany's mechanical engineering industry has seen its exports to the US slow down sharply as a result of the dollar's plunge against the Deutsche Mark, and sales to its biggest market could even show a decline next year.

Mr Otto Schiele, president of VDMA, the industry association, said that deliveries to the US in the first half of 1986 rose by 11 per cent compared with 24 per cent for the whole of last year.

This poorer growth had been continuing in the second half, "so that minus rates cannot be excluded for 1987." But he said the VDMA had been well aware that the soaring growth of recent years could not last. Exports by the industry to the US have grown by around 60 per cent since 1983 to just over DM 10bn (\$4.5bn) last year, still well below Japan's penetration.

He expected production by the industry next year to grow at a much slower pace than the 6 per cent expected for 1986. New orders in September were down by a real 9 per cent, with foreign orders 12 per cent lower.

Exports, which account for about two-thirds of total output, were a nominal 6 per cent higher in the first eight months at DM 63bn (\$30bn). But the latest drop in new foreign business has been caused not only by the dollar's collapse, but by the effect of lower oil prices on Opec countries' buying, the high indebtedness of countries such as Mexico, Brazil and Nigeria, and the cessation of the Chernobyl disaster in the Soviet Union for the nuclear industry.

For the first nine months, the picture is equally gloomy on the foreign side, with new orders down by a real 13 per cent. But some orders edged up by 1 per cent, leaving the total inflow 7 per cent lower.

Mr Schiele said much of the slowdown in domestic orders was caused by factories having to quote longer delivery times because they had plenty of work. The industry's total order backlog, up slightly this year, stretched 6 1/2 months ahead.

Leslie Colitt reports on plans for the Soviet-led bloc before next week's annual meeting

Comecon puts trust in direct company links

THE PROBLEM with Comecon is that it has too many "committees and commissions" and neglects "economic levers, initiative, socialist entrepreneurship and workers collectives."

This broadside delivered by Mr Mikhail Gorbachev, the Soviet leader, at the Soviet Communist Party Congress will be remembered when Comecon opens its annual summit meeting of prime ministers next Monday in Bucharest.

Last week, Soviet finance and trade specialists, who were meeting with their Hungarian counterparts, acknowledged for the first time that significant reforms were needed in Comecon, the Soviet-led trading bloc.

Such reforms, however, can only be expected to be gradual.

East European officials note that improving Comecon's lagging performance would require a shift from market-oriented economic measures which few of them believe even Mr Gorbachev wants.

The magic formula this year for Comecon's rehabilitation is the establishment of "direct links" between companies in the seven European member countries—the three non-European members are Cuba, Vietnam and Mongolia.

The Soviet Union has agreed with its East European partners that such links and the founding of joint companies are essential. The aim is to short-circuit the complicated bureaucratic process by which companies in Comecon deal with each other through the ministries responsible for them.

Mr Ivan T. Berend, president of the Hungarian Academy of Sciences noted in a recent interview that direct links between Comecon companies would work only if the companies were "independent," and there would have to be "real convertibility" of a joint Comecon currency. In short, he concluded that such ties would only make sense if the "whole economic system was reformed."

"Comecon was fine for building pipelines on the basis of central decisions," Mr Berend noted, but not for co-operation between engineering companies. "Such direct ties, however, are urgently needed if Comecon is to overcome another serious drawback. Until now, individual countries were assigned production specialities—such as buses for Hungary and trams for Czechoslovakia. But there was little incentive for them to produce badly needed components especially for the electronics industry."

Each Comecon country strives for industrial self reliance be-

cause it mistrusts the ability of the others to deliver what it needs.

Although Soviet economic officials now accept in principle that a convertible currency is unavoidable, concrete steps in this direction are not expected at next week's Bucharest summit meeting.

The transferable rouble, Comecon's accounting device is non-convertible and thus not a claim on actual production. But a convertible currency can be created, Mr Berend noted, the economies of the Soviet Union and the East European countries, and to be "monetised," starting with the price system. Here, too, Comecon's progress will depend on the outcome of reforms in the Soviet Union.

Thus far only Hungary has made any real effort to put producer and consumer prices on a cost basis. In most Comecon countries, Mr Berend, pointed out such reforms were still regarded warily.

Comecon's complex programme of scientific and technical progress to the year 2000 which was adopted at the special Comecon summit in Moscow last December spoke of accelerating nuclear energy output.

But that was before the Chernobyl disaster. However it was evident even last December that the East Europeans would not achieve their previous goal to generate 37,000 megawatts of nuclear electricity by 1990 — last year they produced only 6,700 megawatts.

Similarly, Moscow said that Soviet nuclear energy output would double to 20 per cent of total electric power production by 1990. This, however, would mean boosting capacity by some 40,000 megawatts which Western specialists doubt can be achieved after the Chernobyl setback.

ECGD backs Danish order for 24 ferries

By Kevin Brown.

BRITAIN'S Export Credit Guarantee Corporation (ECGC) has agreed to provide guarantee cover for a \$30m order for 24 Danish ferries won by British Shipbuilders.

The guarantee dispenses of fears raised by Danish shipping interests that the order would fall through because of financial problems.

Mr Phillip Hares, the chairman of BS, said the ECGD decision was "especially welcome in view of the efforts made by Danish interests and others to cast doubt on the viability of the contracts when they were signed."

Plant for US mine

FWW, the West German engineering and plant-building company, has won a DM 160m (\$95m) order from Kennecott Corp of the US for a copper ore crushing and conveying system for the Bingham Canyon mine in Utah. Reuter reports from Cologne. The system for delivery in 1987 is due to be operational in early 1988.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

Table with columns: Index, 1985, 1986, 1987, 1988, 1989, 1990. Rows include Industrial production, Manufacturing output, Engineering orders, Retail sales volume, Retail sales value, Registered unemployment, and Unfilled vacancies.

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

Table with columns: Index, 1985, 1986, 1987, 1988, 1989, 1990. Rows include Consumer goods, Investment goods, Intermediate goods, Engineering output, Metal manufacture, Textiles, Leather and clothing, and Housing starts.

EXTERNAL TRADE—Indices of export and import volume (1980=100); visible balance current (000s); oil balance (£m); terms of trade (1980=100); official reserves.

Table with columns: Index, 1985, 1986, 1987, 1988, 1989, 1990. Rows include Export volume, Import volume, Visible balance current, Oil balance, Terms of trade, and Official reserves.

FINANCIAL—Money supply M0, M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); building societies' net inflow; HFP, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

Table with columns: Index, 1985, 1986, 1987, 1988, 1989, 1990. Rows include M0, M1, Sterling M3, Bank advances, Building societies' net inflow, HFP, and New credit.

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1974=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100).

Table with columns: Index, 1985, 1986, 1987, 1988, 1989, 1990. Rows include Earnings, Basic materials, Wholesale prices, Retail prices, Food prices, Reuters commodity index, and Trade weighted value of sterling.

† From January 1986 includes amounts outstanding on credit cards.

IFC PLANS TO INCREASE COMPANY INVESTMENT India urged to ease equity rules

BY JOHN ELLIOTT IN NEW DELHI

The International Finance Corporation has urged the Indian Government to relax its foreign investment rules so that a planned expansion by the World Bank affiliate in equity investment did not reduce the stakes available to other foreign partners.

The call came from Sir William Ryle, the IFC's executive vice-president who also confirmed in New Delhi that the IFC aimed to increase the size of its Indian company investment portfolio by between 100m and 150m a year for the next two or three years.

India's share of its worldwide interest would then be lifted from 6 per cent to 15 per cent, the level of Brazil's biggest customer.

The IFC began expanding its business in India two years ago. Since then nearly 20 projects have been agreed or are in the final stages of negotiations, involving about \$170m of IFC loans and equity.

During the past 30 years, the

corporation's investments have totalled \$300m, some of which have on average 10 per cent of the finance has been in the form of equity, but the aim is to raise this to 25 per cent.

Many of the investments have been with India's biggest business houses, such as Tata, Birla, Escorts, Bajaj, and Modi. The IFC provides foreign exchange needed to help finance projects which otherwise might not go ahead, along with technical and other advice.

Several recent investments have helped to finance Japanese joint venture companies in India's motor industry.

These include Escorts and Hero of North India and Yamaha and Honda, each of which are receiving about \$2m to \$7m for two-wheeler projects. A deal, possibly involving \$35m to \$40m is being negotiated to help fund Isuzu automobile projects with Hindustan Motors.

Sir William said he hoped to

do more business with medium-sized companies. Technological and financial help has, for example, recently been given to Gujarat Glass to import Corning technology from the US and to West India Match to diversify into food processing.

Other new investments include \$10m for Great Eastern Shipping to expand its fleet, \$11m for Tata Iron and Steel, and \$15m for Indian Exim Bank line of credit.

The Commonwealth Development Corporation hopes to start operating in Indian soil to invest \$100m (\$140m) in industry, agriculture and co-operatives in the next three years, subject to formalities being completed with the Indian Government, Lord Kindersley, the corporation's chairman, said in Delhi at the weekend.

One of the first possible investments is for Courtaulds of the UK and Modi of New Delhi to set up a viscose fibre plant with equipment previously used in the UK.

Aircraft suppliers offer countertrade

THE UK, France and Sweden have offered to supply turbo-prop airliners to India with part of the cost being covered by buy-back of Indian goods, John Elliott reports from New Delhi. The offers have been submitted to the Ministry of Aviation and a similar move is expected from Canada.

The aircraft are to be bought for Vayudoot, India's rapidly growing feeder airline, which has been studying the advanced turboprop ATR-7 from the UK, the Franco-Italian ATR-42, the Saab-340 from Sweden and the DC-9 Dash-8 from Canada.

Fokker of Holland has also been offering the F-60.

The offers were announced yesterday by Mr Jagdish Tytler, Minister of State for Aviation. He said India would be requir-

ing about 100 new aircraft in the next 10 years.

These will follow the Airbus ordered by both Air India and Indian Airlines, the country's main international and domestic carriers, and will include replacements for Air India's ageing 747s which the Government is discussing with Boeing and McDonnell Douglas, the European consortium.

Advertisement for 'BUSINESS IN PORTUGAL MEANS TAP FROM HEATHROW'. Includes text about Heathrow departures to Lisbon, Algarve and Madeira, and contact information for Navigator Class.

Advertisement for PATTEN CORPORATION (P.A.T.) featuring a line graph and text about their retail market performance. Text includes: 'We are pleased to announce PATTEN CORPORATION (P.A.T.) BEGINS TRADING ON NEW YORK STOCK EXCHANGE OCTOBER 28, 1986'.

Advertisement for Fannie Mae featuring the company logo and details for two debenture offerings: '\$1,000,000,000 7.00% Debentures' and '\$800,000,000 7.75% Debentures'. Includes dates, interest rates, and contact information for Gary L. Perlin.

UK NEWS

Mercury likely to reduce price of phone calls

BY DAVID THOMAS

MERCURY, the sole competitor to British Telecom's main network, is likely to announce price cuts for some of its long-distance calls before the end of the week, now that British Telecom has been given the go-ahead to change its prices from the start of November.

These would be Mercury's first price cuts since it launched its alternative phone service and would signal a new round of competition in UK telecommunications.

The Office of Telecommunications (OfTel), the industry's regulatory body, yesterday said it saw no reason for holding up BT's complex package of price changes, which range from an 18.9 per cent increase on local calls at peak times to a 17 per cent cut in some long-distance calls.

Professor Bryan Carsberg, OfTel's director general, has concluded that BT is not making excessive profits under the RPI-X formula, which governs BT's price changes.

This removes the chances of controversy over BT's regulatory re-

game in the run-up to the flotation of British Gas.

An acceptable rate of return for BT at present on a historic cost basis is 19 per cent, Professor Carsberg said. BT's rate of return was 19.2 per cent last year and 18.4 per cent in 1984-85.

However, Professor Carsberg criticised BT's commitment to quality of service, reflected, he said, in the fact it no longer publishes quality of performance indicators.

He suggested that the price formula might eventually have to be strengthened if quality of service did not improve.

BT believes that building in quality of service considerations into the price formula would be impractical and points to efforts such as its modernisation programme being made to improve quality.

Professor Carsberg concluded that BT's programme of bringing call charges into line with costs, under which it has cut long distance rates and increased local rates, had very nearly run its course.

Teachers to be offered 16% two-year deal

BY PETER RIDDELL, POLITICAL EDITOR

A PHASED package of pay increases for teachers amounting to around 16 per cent spread over two years in return for specific commitments on duties will be announced in the House of Commons this afternoon in the hope of bringing the long-running dispute in the schools to an end.

Statements will be made by Mr Kenneth Baker, the Education Secretary, and by Mr Malcolm Rifkind, the Scottish Secretary, after agreement yesterday morning at a ministerial committee chaired by Mrs Margaret Thatcher, the Prime Minister. The full Cabinet will give formal ratification this morning.

The package represents a compromise within the Government since the pay rise, and hence the public expenditure costs, will be spread out over two years and will not take effect until January next year.

This compares, for example, with the 10.4 per cent pay increase for an 18-month period starting at the beginning of this month which is recommended by the Main Inquiry into the Scottish teachers' dispute.

The statement this afternoon will outline the amount of money the Government is ready to make available and the contractual conditions it is demanding in return. The Treasury has been insistent both on holding down the extra public spending over and above the £2.2bn for four years already promised as well as limiting the pay rise in any one year to single figures to avoid wider damage in the public sector.

Hanson to look again at Courage pensions

BY ERIC SHORT

PENSIONERS in the Courage pension scheme yesterday secured a concession from Hanson Trust to reconsider the position of the scheme in the proposed sale of the brewery group to Elders DXL.

Yesterday's extraordinary general meeting was held to seek approval from shareholders of the proposed £1.4bn sale of Courage, which Hanson secured in its successful bid for Imperial Group earlier this year. But the meeting was devoted almost entirely to questions relating to the method of disposal of the pension scheme.

Goaded by accusations from shareholders who were Courage pensioners, and by representatives of the Transport and General Workers' Union also as shareholders, that Hanson intends to keep the scheme's surplus, Mr Derek Rosling, vice-chairman of Hanson Trust, said: "We are not going to raid the fund. We are not hijackers."

He said that no funds had been taken out of the Imperial or Courage pension funds, neither would Hanson do so voluntarily in the future.

Under the sale agreement, the Courage pension fund is being split in two between the employees on one hand and the pensioners and ex-employee deferred pensioners on the other. The employees' part, with sufficient assets to meet the liabilities, is being passed to Elders, while the other part, which will contain any surplus, is being retained by Hanson.

REPORT CALLS FOR TIGHTER MONITORING OF SERVICE PERSONNEL

Security defects found at Cyprus base

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

"SERIOUS SECURITY weaknesses" existed up until 1984 at the Cyprus headquarters of 9 Signal Regiment, according to a report published yesterday by the Security Commission.

The commission was asked to investigate security at the base near Larnaca - which is manned by members of all three armed services - after charges under the Official Secrets Act laid against seven members of the regiment.

Several servicemen apparently admitted to very serious breaches of security, which included handing over classified documents to unauthorised people. They were all subsequently acquitted at a court hearing but the commission continued its investigations in view of the widespread and continuing concern over the level of security at the Cyprus base and other similar units.

The report said that the incident gave rise to immediate investigations which brought to light a number of security weaknesses and the need for an immediate review of security procedures. "In the light of recent events there is, at present, a very different attitude to security in the regiment. Everyone has a heightened awareness of security risks and, in the present climate, we are as confident as it is possible to feel in these matters that behaviour such as homosexuality, excessive and continuous drinking, or over familiarity with foreign nationals, would be reported."

Several areas were highlighted where security weaknesses existed. Problems of personnel security faced by 9 Signal Regiment were "formidable," because many serving in it were so young. Ideally, it said, no-one should be employed in such a communications unit until they were "reasonably mature." The report accepted that in the present recruitment climate, the regiment

could not carry out its role without employing a considerable number of young people.

It was recommended however, that the Ministry of Defence, wherever possible, should avoid posting very young servicemen to sensitive locations such as Cyprus.

The commission said that a review into the security vetting of all service personnel who had served in 9 Signal Regiment since 1981 had led to the withdrawal of nine security clearances, on the grounds of irresponsibility, unreliability, immaturity, sexual impropriety, alcohol abuse for financial irresponsibility. There was no evidence, however, that any had compromised the security of the regiment.

According to the commission, the real weakness in personnel security in Cyprus was how little seemed to be known by officers and senior non-commissioned officers about the off-duty behaviour of other ranks. The revelations of sexual impropriety and heavy drinking that emerged during the security service investigation had come as a complete shock to them, the report added.

Far greater effort had to be made to monitor the off-duty behaviour of personnel, although "nobody can grudge these young people, their re-education or expect them at all times to behave like saints." There was, however, a difference between an occasional indiscretion and an emerging pattern of bad behaviour that showed a person to be a security risk.

The commission also highlights earlier, serious security weaknesses in the burning of classified documents, with waste sacks containing highly sensitive material sometimes left unattended and accessible to civilian staff.

Security Commission Report October 1986. HMSO, £3.40.

UK takes maximum French power load

BY MAURICE SAMUELSON

BRITAIN'S imports of cheap nuclear electricity from France now nearly equal the output of two nuclear power stations of the type the Central Electricity Generating Board (CEGB) wants to start building at Sizewell, Suffolk, on the east coast of England.

Since Monday afternoon, a series of heavy submarine cables, terminating under the gardens of Folkestone promenade, on the south coast, have for the first time been delivering their maximum capacity of 2,000 MW of French power.

The are the latest tangible evidence of France's aim to be the nuclear generating centre of Europe, as it presses on with its chain of some 55 pressurised water reactor (PWR) stations.

At full load this winter, the cross-Channel link would be displacing the equivalent of some 7m tonnes of British coal a year, or almost a tenth of the CEGB's annual coal burn. In practice, though, it will also operate at the expense of oil-fired stations in Southern England.

Under the two-year commercial agreement for the cables carrying the first 1,000 MW - which became fully operational only at the beginning of October - French nuclear power would cost the CEGB up to 25 per cent less than its own average production cost.

With the second 1,000 MW now available, the two utilities are expected to sign a similar deal. Despite this year's cut in British coal prices, the French electricity is still commercially attractive to the CEGB.

The two utilities have shared the £700m cost of building the link, which also comprises large installations in both countries.

Lobby votes for non-attributable briefings

BY PETER RIDDELL, POLITICAL EDITOR

PARLIAMENTARY Lobby journalists yesterday narrowly decided to continue the present system of non-attributable briefings by government spokesmen, but also backed an inquiry into current Lobby practice.

The Lobby committee will meet later today to discuss the terms of reference and membership of such an inquiry.

The vote, on a turnout of nearly 90 per cent of Lobby members, showed a majority of 67-55 against changing the rules of non-attribution in Lobby briefings. This was a

much narrower margin than expected.

On the second question in the ballot, the Lobby voted by 68 to 58 in favour of an inquiry into Lobby practice, to report back by the end of November.

The outcome means that for the time being briefings by Mr Bernard Ingham, Mrs Thatcher's press secretary, will continue to be on a non-attributable basis. He has indicated his firm opposition to any change. Leaders of all the opposition parties have said that they would move away from non-attribution.

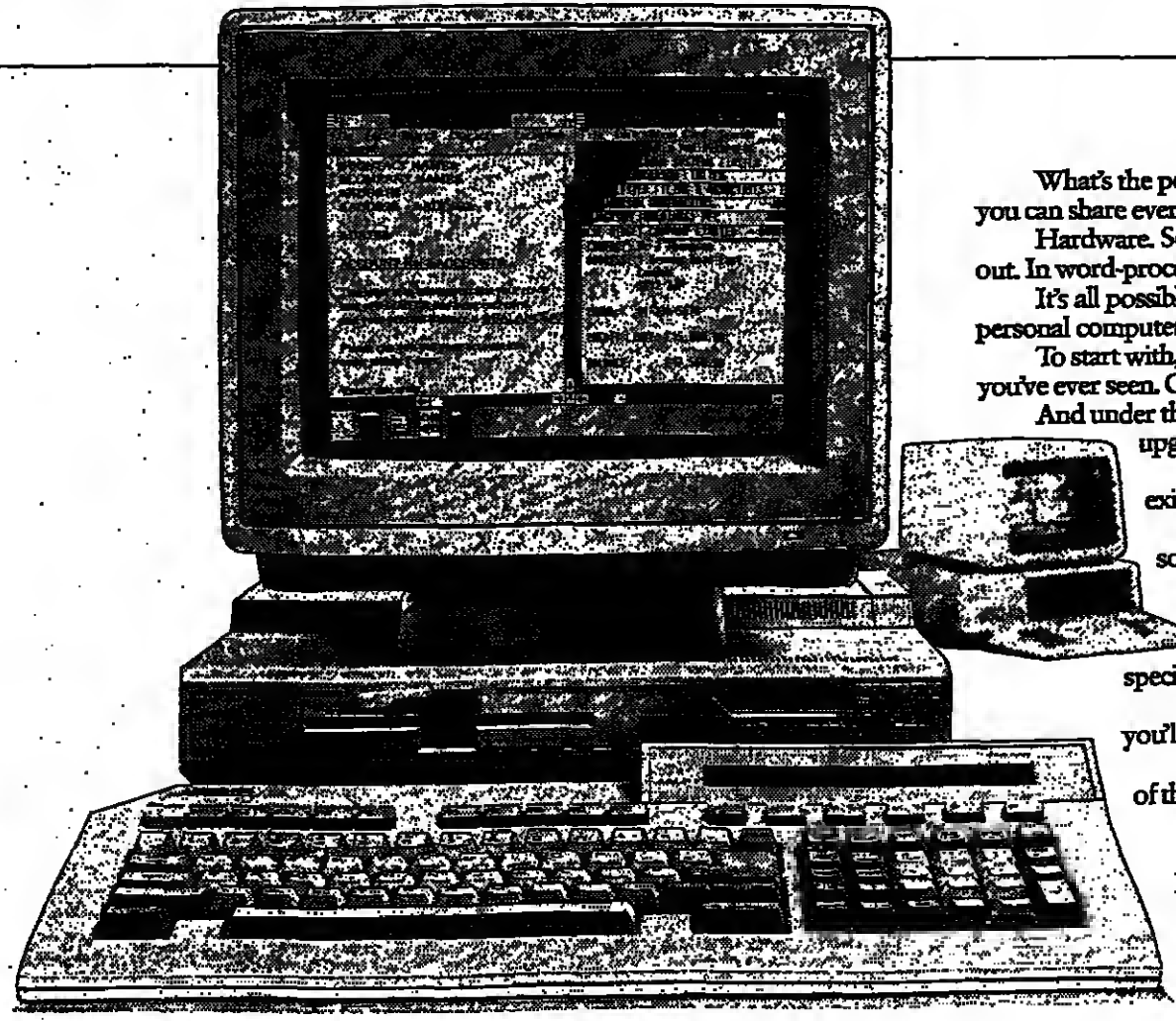
New airline for Stolport

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

EUROCITY EXPRESS, is being formed by the British Midland Group of independent airlines, to operate services from the City of London Stolport in the docklands area, when that airport becomes operational late next year.

The new airline has applied to the Civil Aviation Authority (CAA) for licences to fly initially to Paris, Amsterdam, Brussels, Rotterdam, Garmesey, Jersey, Düsseldorf and Manchester from the Stolport. Fares are not yet determined, but will be based on current European short-haul business-class rates.

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UK NEWS

Rebuff for MPs over access to tin crisis papers

BY ANDREW GOWERS

THE GOVERNMENT clashed with MPs over the tin crisis again yesterday after Mr Paul Channon, the Trade and Industry Secretary, refused to provide them with any of the documents they have demanded relating to the affairs of the International Tin Council (ITC).

Mr Giles Shaw, Minister of State for Industry, repeatedly stonewalled when questioned by members of the House of Commons select committee on trade and industry about the crisis.

He reiterated what Mr Channon told the committee in a letter last week: the Government could not provide the committee with ITC documents because it is bound under the International Tin Agreement to keep them confidential.

In addition, Mr Robin Leigh-Pemberton, Governor of the Bank of England, replied to a request for information from the committee yesterday. He furnished the committee with a list of documents in the Bank's possession on the tin crisis, but this was so vaguely phrased as to be meaningless, according to committee members.

The committee is trying to obtain

documents to prove its contention that Government officials behaved negligently over the ITC, the international price support body which collapsed a year ago, defaulting on gross debts to metal brokers and bankers of up to £300m.

It argues that the Government had already breached confidentiality rules by circulating some of the documents to the Bank.

However, Mr Shaw argued persistently yesterday that the Bank was playing the role of a "confidential adviser" on tin, and that the committee could not claim the same privileges.

The committee has already censured the Government once over the tin crisis. Mr Robin Maxwell-Hyslop, acting chairman, said after the meeting that the committee would decide shortly whether to summon Mr Channon once again, and would then probably issue another brief report.

The Government has apparently decided to say as little as possible about the tin crisis, in view of the fact that it is under a continuing threat of legal action by creditors of the ITC.

Social attitudes shift clearly to left since general election

BY RICHARD EVANS

A CLEAR and continuous shift to the left in Britain since the last general election emerges in a survey published today which shows that a majority wants more government intervention in the economy and an emphasis on reducing unemployment rather than on tax cuts.

The survey, British Social Attitudes: The 1988 Report, is the third in an annual series designed to show any movement in public attitudes to politics, employment, public spending, defence, nuclear power and social and moral issues.

The trend to the left appears in items measuring the electorate's attitudes to redistribution, unemployment, nuclear defence and the welfare state, particularly the National Health Service and education.

There has been a rise since 1983 in the proportion preferring an increase in taxes rather than cuts in spending on health, education or social benefits.

Now, nearly half (45 per cent) favours increased taxes to finance higher social spending, compared

with less than a third (32 per cent) who chose this option in 1983. The swing has occurred among supporters of all the main political parties.

The popularity of increased health spending in particular remains high, with nearly half choosing it as their first priority for extra government spending.

Views about the role of the welfare state, which were not particularly favourable in 1983, appear to have become more sympathetic. But as in 1983, about two-thirds of those questioned believe that large numbers of people falsely claim benefits.

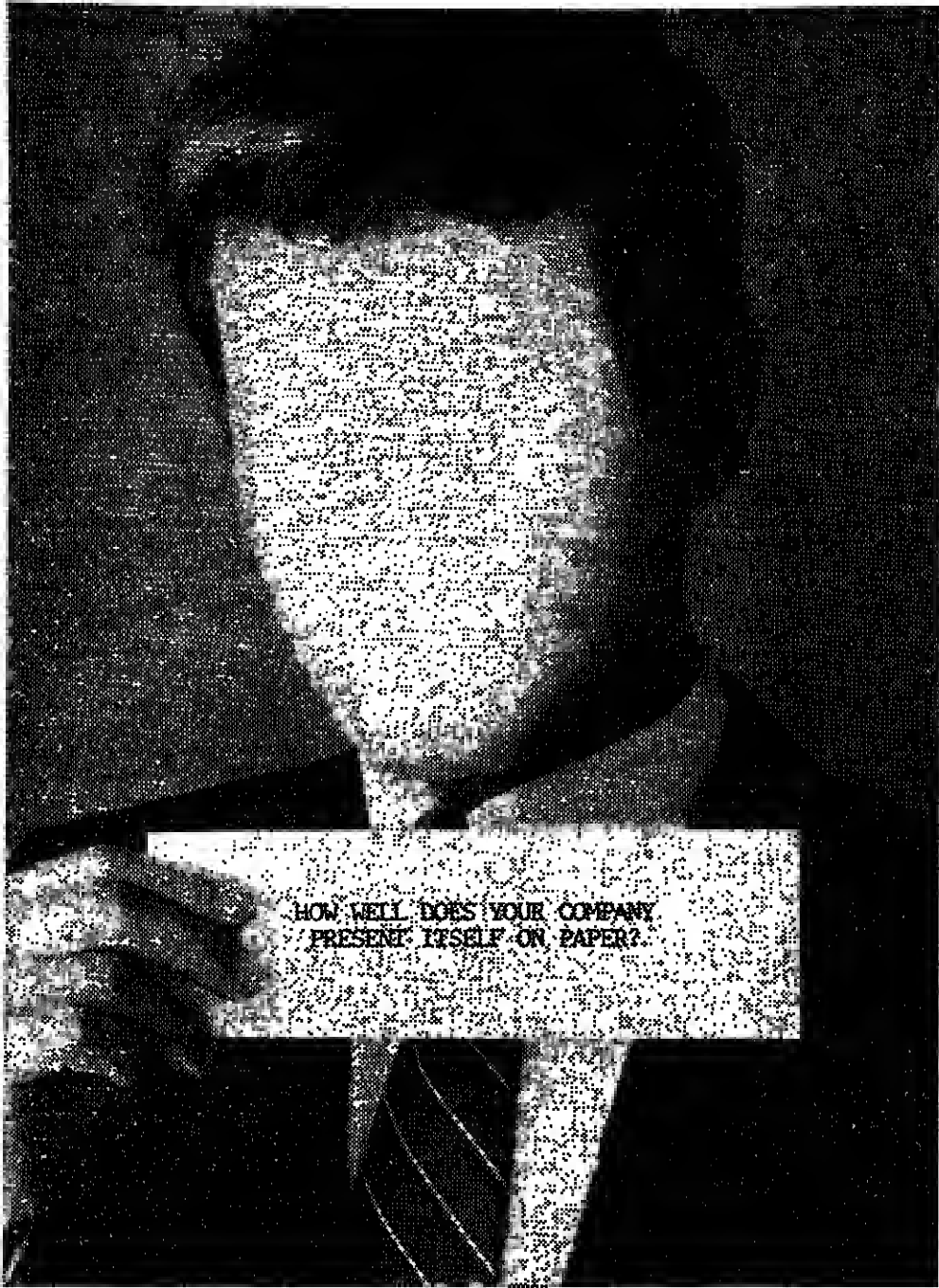
The report, based on an annual survey by Social and Community Planning Research (SCPR) of 1,700 people, is sponsored by a combination of organisations ranging from government departments, the Economic and Social Research Council, a Sainsbury charitable trust, the Nuffield Foundation and private companies including Marks and Spencer and Shell UK.

Support for the Liberal-SDP Alliance is shown to lack the degree of stability enjoyed by the Conservative and Labour parties. Whereas well over half Tory and Labour supporters are strongly partisan, little more than a third of Alliance supporters are. "The Alliance partisans are still a rare breed," the report states.

Most people are pessimistic about the general prospects for jobs, with two-thirds expecting unemployment to rise in the next year, possibly by a lot. There is, however, more optimism than in previous surveys about Britain's general industrial performance.

Employees were asked if the best way to a better job was to stay with one employer a long time or to move. Among higher social classes and those with university or professional qualifications, moving between employers is the preferred route to advancement. Most other groups expect advancement within their company, however.

British Social Attitudes: The 1988 Report. SCPR. Hardback £25; paperback £12.50.



HOW WELL DOES YOUR COMPANY PRESENT ITSELF ON PAPER?

Audio tape law delayed

BY OUR POLITICAL EDITOR

LONG-PROMISED legislation to update copyright law and introduce a levy on blank audio tapes is almost certain to be dropped from the government's next parliamentary programme.

As a result, any change in the law is likely to be delayed until after the next general election unless polling takes place at the latest possible

time of summer 1988.

The bill has been squeezed out to make way for the education measure on teachers' conditions and terms of service. The government is determined to complete the legislative programme by July without the usual autumn spillover, this will give maximum flexibility on election timing.

GrandMet names new US chief

By Clay Harris

GRAND METROPOLITAN, the drinks, hotels and consumer products group, has named Mr Ian Martin to head its US operations.

Mr Martin, 47, present chairman and chief executive of GrandMet's brewing and retailing division, is replacing Mr Walter Scott, who is leaving the company.

The change follows the sale, announced on Monday, of Liggett Group, GrandMet's last remaining tobacco business, to a private US company for \$137m (£97m).

GrandMet said yesterday that its existing businesses provided a sound base for expansion of its US interests. Mr Martin, who joined GrandMet's board in December last year, has overseen the restructuring of the company's brewing and retailing interests.

He will become managing director of GrandMet USA from November 1. Although this involves a change in title from Mr Scott's position as chairman and group managing director, GrandMet yesterday said that management structure and responsibility would remain the same.

Mr Scott told GrandMet in July that he intended to leave the company, but he stayed on to complete the negotiations for the sale of Liggett. A former chairman of IDS American Express, Mr Scott declined yesterday to disclose his future plans.

GrandMet USA's remaining businesses, including soft-drink bottling, pet foods and consumer products and services, accounted for about \$1.14bn of turnover of \$1.23bn in the year to September 30 1988, and all but \$64m of operating income of \$81m.

US wines and spirits distribution is managed separately, as part of GrandMet's International Distillers and Vintners divisions.

Amstrad price rises 'will not lift profits'

BY DAVID THOMAS

PROFIT margins on Amstrad's personal computer are to stay unchanged, even though prices are to increase by 12.5 per cent from January, Amstrad, the UK consumer electronics group, said yesterday.

Amstrad's IBM-compatible personal computer undercut almost all its competitors on price when it was launched amid much fanfare last month. The models ranged from £399 to £940, excluding VAT.

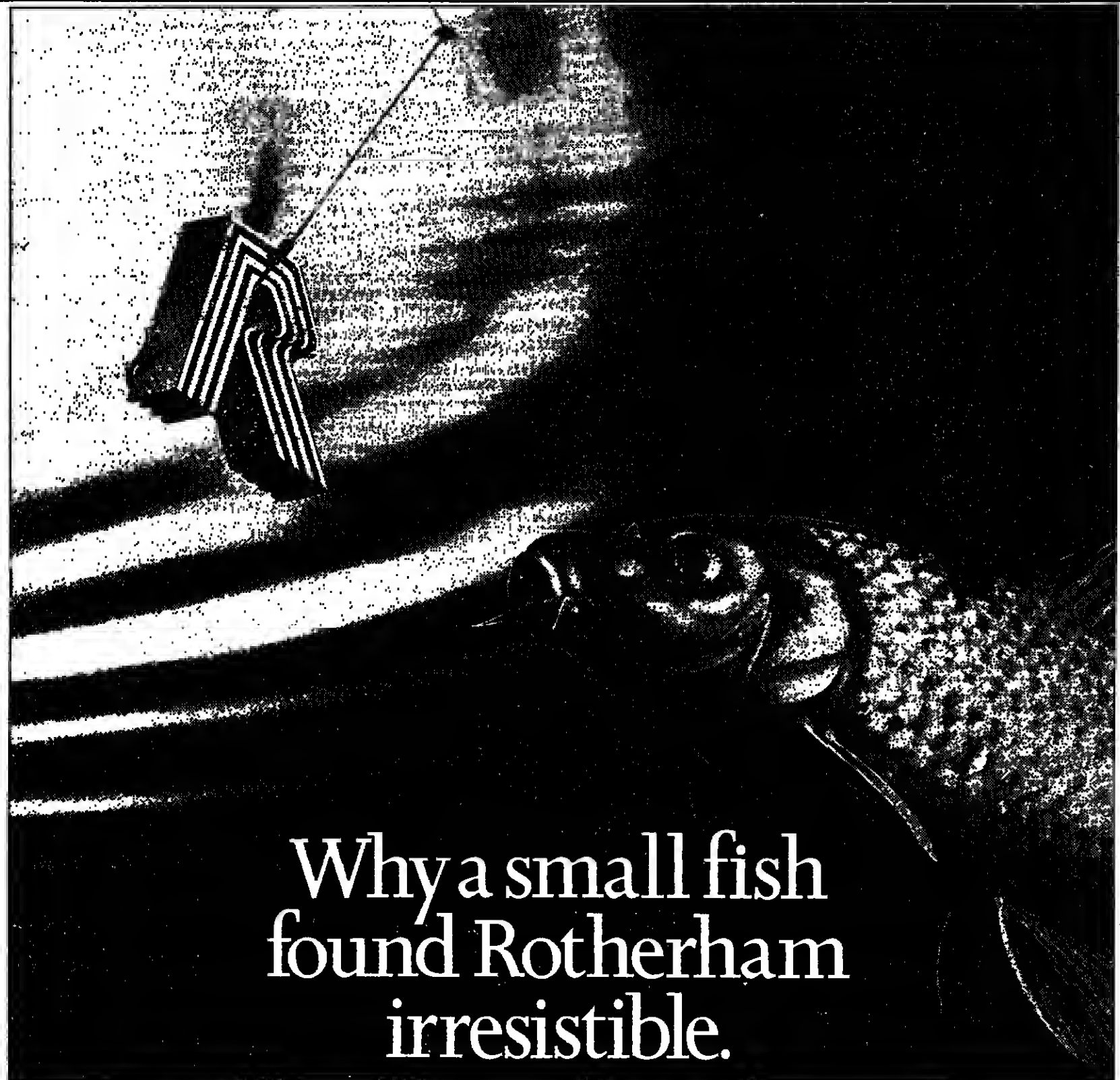
However, the company has now decided to increase prices by 12.5 per cent from January, an unusual move in the personal computer market, which has seen tumbling prices.

Mr Malcolm Miller, Amstrad's marketing director, yesterday blamed the rise in the Japanese yen. Amstrad's machine is mainly

made in the Far East. He said that profit margins would not increase because of the move.

Mr Miller said Amstrad already had orders from European customers for about 300,000 personal computers, which was the target it gave for 1988 sales.

He said that about a quarter of these had been sold through high street retailers, such as Dixons, and the rest through specialist distribution channels direct to companies. Mr Miller said that interest in the machine had been strong among corporate customers throughout Europe. For instance, 41 of the largest 50 companies in France had asked for a trial.



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UK NEWS

Timken places 800 workers on a four-day week

BY MICK GARNETT
BRITISH TIMKEN, the wholly owned subsidiary of the US Timken group, has put up to 800 of its manual workers on a four-day week after a serious drop in orders.
 The company, the biggest supplier of tapered roller bearings in the UK, blames the decision on weaker demand from overseas markets, in particular, the Middle East, and on falling sales in Britain.
 British Timken sells its tapered roller bearings to a wide range of companies, including those in the mining equipment and oil exploration sectors, but its biggest market by far is the vehicle industry. Output of tractors and trucks in the UK has fallen sharply this year.
 The shorter week has been introduced at the company's plant in Northampton which employs 1,800 making smaller types of roller bearing. It does not affect British Timken's plant at Daventry which produces bearings above 5 inches diameter.
 Manufacturers of tapered roller bearings have been struggling to defend their markets against producers of ball bearing and this is thought to have hurt British Timken.
 The tapered roller bearing uses a cylinder in place of a ball. Manufacturers claim that this type of bearing has special strength qualities allowing it to take heavier loads.
 Ball bearings are cheaper to make, however, and ball bearing makers are capturing some of the roller bearing makers' customers. This has particularly helped SKF of Sweden, Europe's biggest bearing producer.
 The world bearing industry is also bedevilled with overcapacity and predatory pricing by Japanese and some East European producers.
 A number of anti-dumping duties covering certain types of bearing have been imposed by the EEC over the past few years on some Japanese suppliers. Two of Timken's biggest competitors are NTN and Koyo of Japan.
 British Timken, which has been reducing its production costs in order to meet fierce pricing worldwide, said it was now a matter of "the survival of the fittest."
 Its US parent filed an anti-dumping petition in August against producers in a number of countries including Italy, Yugoslavia, Romania and Hungary.

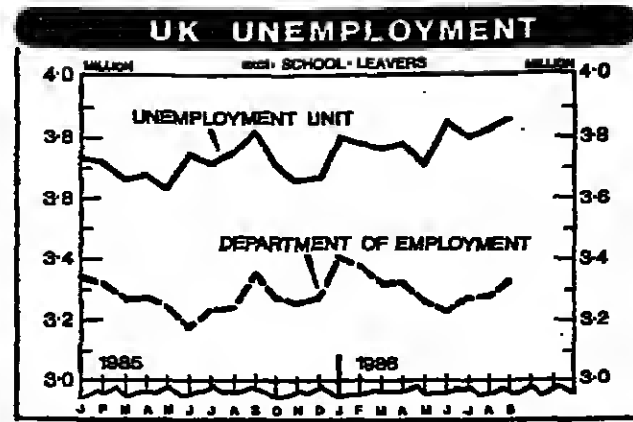
Germans invest in UK broker

By Hugo Dixon
GREG MIDDLETON, the medium-sized independent stockbroker with offices in London, Glasgow, Bristol and York, has raised new capital by selling 25 per cent of its equity to four financial institutions. The move is designed to make it strong enough to retain its independence in the face of the changes resulting from Big Bang, the deregulation of the City of London.
 The four investors are Landesbank Rheinland-Pfalz Gironzentrale, the West German bank, the Scottish National Trust, the Glasgow-based investment trust, the Bank of Scotland and Graig Investments, the investment arm of the Graig Shipping group. GM refused to say how large the individual shareholders were or what had been paid for them.
 Mr Mark Sherriff, a director of GM, said the new capital would allow the firm to set up more branches in the UK, attract fund management teams from other brokers and underwrite more equity issues for small companies.
 © Ruttle Wilson has become the first stockbroking company from New Zealand to open an office in London, Terry Povey writes. It is keen to capitalise on the excitement created by various New Zealand entrepreneurs over the last six months.

Philip Stephens reports on endless changes to jobless figures

Hard work to count unemployed

DERIVING a reliable picture of underlying trends in the labour market from the Government's monthly unemployment statistics has long been difficult. The seemingly endless list of changes introduced by the Department of Employment in the way the figures are compiled and presented now threaten to make it impossible.
 The latest is the decision announced this week by Lord Young, the Employment Secretary, to set a new, more exhaustive, eligibility test, for the 400,000 or so people who register for unemployment benefit each month.
 If the results of his department's pilot schemes were reflected nationally, the new test could mean that up to 25,000 new claimants per month might either drop their claims or be disbursed from unemployment benefit.
 The change has provoked an inevitable political row. The Labour Party charges that Lord Young is attempting to "massage" the official figures downwards to below 2m ahead of the next general election.
 The Government says that it is simply reacting to a report by an all-party committee of the House of Commons which called for a firmer application of the "available for work" criteria used to judge whether people can join the official register.
 Whatever the justification for either case, it is apparent that ministers are confident that the change will reduce the number of people joining the monthly register.
 The pilot schemes run by the department showed that 3.7 per cent of people presented with the revised eligibility test did not pursue their claims. A further 2.4 per cent had their benefit disallowed. Even if those figures are halved when the test is introduced nationally next month, the number joining the register could be reduced by 12,000 each month over the short term.
 If nothing else changed, the Government might then argue that the flat trend seen in the official figures over the last six months was being followed by a decisive turnaround after nearly seven years of rising unemployment. Underlying conditions in the labour market, however, would have remained identical.
 The other changes in compilation techniques and presentation introduced by the Employment Department have already significantly weakened the usefulness of the official statistics as a clear guide to labour market developments.
 In all there have been 17 changes since 1979 in the way the figures are compiled, with all but one of these reducing the officially-recorded total. As the chart shows the independent Unemployment Unit calculates that the real level of unemployment is around 400,000 higher than the Government's figure.
 Although the monthly press release still refers to the number of people unemployed, the official figure in fact measures only the number of people claiming benefit. People seeking work but ineligible for benefit are not counted.
 The pace of such changes has accelerated over the past year. The most recent include the extension of the disqualification period for people judged not to be taking up job or training opportunities; a change in the timing of the count which has taken an estimated 50,000 people off the register; and the conclusion of a rough estimate of the self-employed in the base to calculate the percentage of people out of work, which has reduced the proportion from 13.5 per cent to 12.1 per cent.
 Lord Young and his junior ministers at the department have also taken a close interest in the presentation of the statistics.
 The introduction of the Restart programme for the long-term unemployed earlier this year and the parallel expansion of the Community Programme has further clouded the picture. The latter is thought to be reducing the claimant total by 5,000 per month, but there are no comprehensive figures for the impact of other aspects of the Restart programme.
 It seems a reasonably safe assumption to make that the official jobless count will fall in the run-up to the election. Whether that will be simply a statistical illusion or not is a much harder question.
 Now Mr Richard Tompkins, 68-year-old founder of the empire that made him one of the largest personal fortunes in the land, feels with inflation down to single figures that the time is right to resurrect the stamp.
 This time the stamp will have a higher face value (eight times more) than its antecedent, to be given to shoppers at the rate of one for every 25p spent in store. The rate for petrol sales will vary as a result of tax levied on fuel. The new book of stamps will require 1,824 stamps to fill, compared to the 1,280 stamps of old.
 "For retailers, the benefit of the new Green Shield trading stamp will be the promise of increased turnover originating from the impact of a price cut of more than 2 per cent right across the board," said Mr Tompkins.



Scottish yard expected to win Conoco order

BY JAMES BUXTON, SCOTTISH CORRESPONDENT
CONOCO, the US oil company, is today expected to order six gas production platform jackets from McDermott's fabrication yard at Ardara in north-east Scotland.
 Conoco originally placed a £12m order for the jackets earlier this year with the Howard Doris yard at Wallsend, in north-east England, but Howard Doris went into receivership in September and work on the jackets, which was 22 per cent complete, came to a halt when the yard was placed on a care and maintenance basis. The first jacket was due for delivery next spring.
 Conoco is committed to starting to deliver gas to British Gas from the complex of three fields in the southern North Sea - the Vulcan, Vanguard and South Valiant fields - in October 1988. It has, therefore, been urgently seeking a solution to the problem of getting the jackets delivered, on time.
 McDermott is well placed to commence work on the jackets immediately since without new orders it would have run out of work early next year. It is due to complete a jacket for Marathon late this year.

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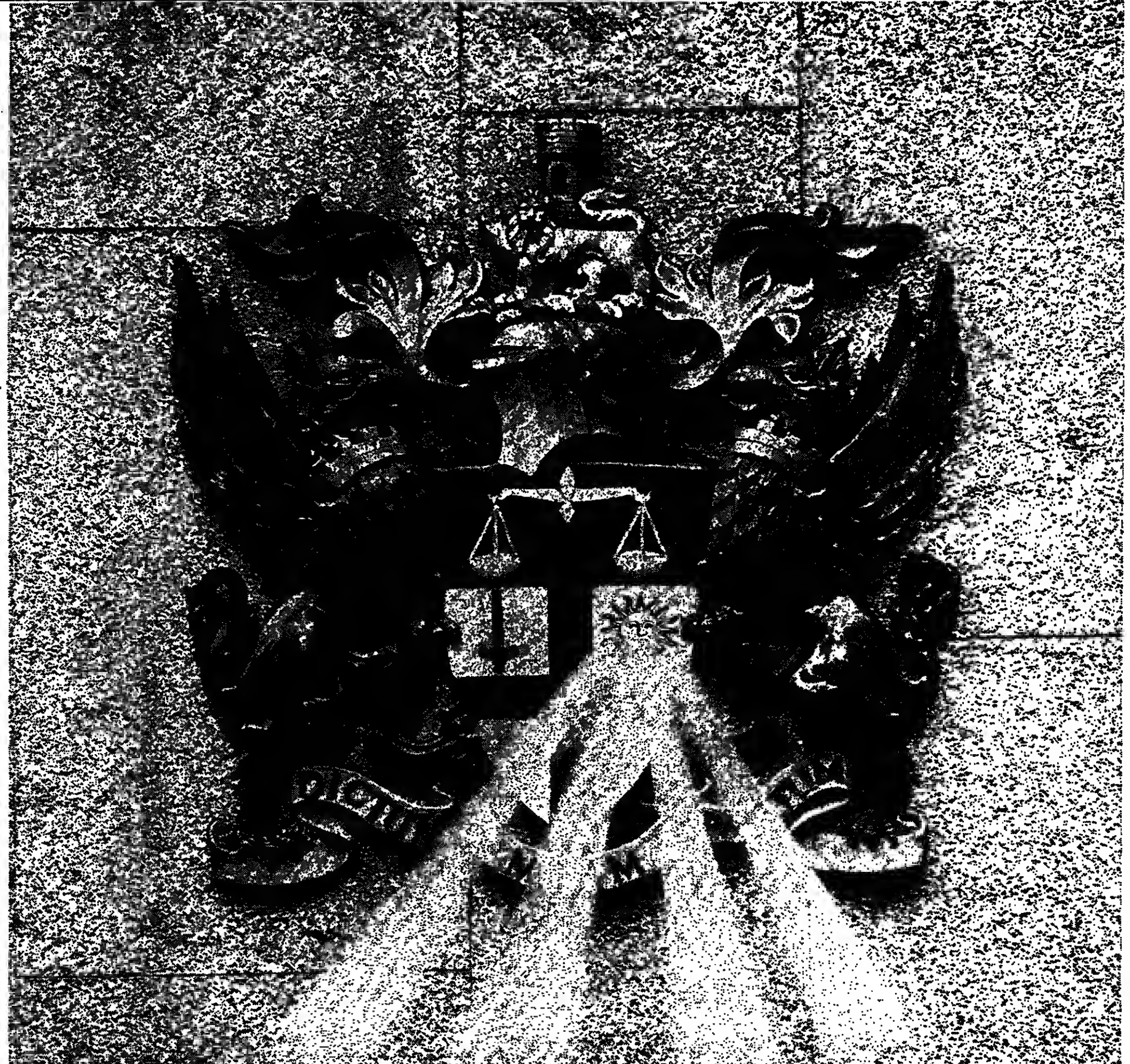
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**78% of
 PABX sales
 go to BT**

By Geoffrey Charish

BRITISH TELECOM occupies a dominant position in terms of the number of PABXs (private automatic branch exchanges) supplied in the UK, in spite of market liberalisation.

According to a survey of 1,200 user companies by Systems Dynamics, the Rickmansworth, UK, telecommunications consultancy, 78 per cent of the samples obtained their systems from BT. New suppliers have, however, made a "small but significant" market penetration in a relatively short time.

The survey also shows users like such features as abbreviated dialling and last number re-call, but on the whole have taken a dislike to systems that play a caller music while his called party is being located. More on 09278 5466.

**Plastics drive by
 Europe's car makers**

By JOHN GRIFFITHS

THE European market for engineering thermoplastics by 1990 will be half as big again as last year and worth \$3.8bn at today's prices, according to a report by market analysts Frost & Sullivan.

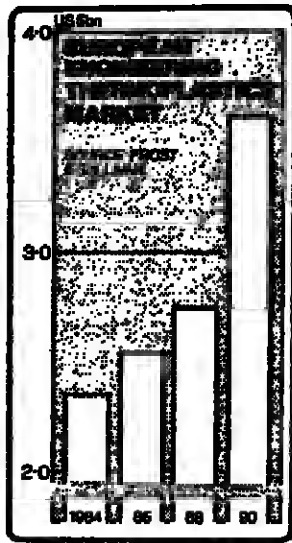
The principal element of growth, accounting for more than a third of the increase measured by weight, will be provided by the car industry, says the report.

"What began in glove compartment manufacturing is creeping steadily into headlamps, bumpers, body parts, even the engine." The report points out that some Mercedes models already incorporate 110 kilograms of plastics.

Overall, it is predicted that, on a weight basis, total demand for engineering plastics will increase from just under 920,000 tonnes last year to over 1.1bn tonnes by 1990, with the motor/transport industries accounting for 101,000 tonnes of the increase.

While less than 2 per cent annual tonnage growth is forecast for styrenes, Frost & Sullivan expects 6.5 per cent growth for non-styrene polymers.

Measured by value, about three-quarters of the total market is expected to be accounted for by polyamides, polycarbonate and AES plastics.



"The European Market for Engineering Thermoplastics." Frost & Sullivan, Sullivan House, 4 Grosvenor Gardens, London SW1W 0DL. £2,400.

**Portable
 backup for
 meter men**

By Peter Marsh

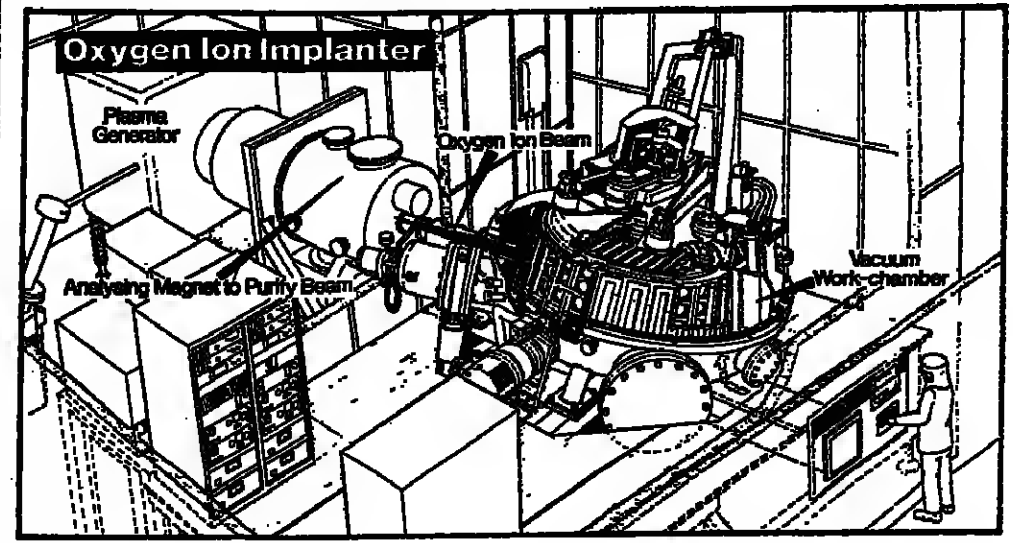
TRAFFIC WARDENS and people who read electricity meters may be among the individuals to benefit from portable computers sold by Immediate Business Systems of Milton Keynes, part of the Allied-Signal group of the US.

The machine, which is linked to its own miniature printer, is about the size of a desk-top calculator, is easy to carry and can withstand rain and extremes of temperature, says the company.

As a result, according to Immediate Business Systems, traffic wardens could simply key in details of a motorist's transgression and the system would automatically print out a document for fixing to the offending vehicle.

The computer's memory can also contain details of use of the warden, for example the registration numbers of stolen cars.

The hardware can be used by a variety of other workers, suggests the Milton Keynes company which was originally set up to exploit ideas in portable computers emanating from Plessey's research laboratories in Caswell Men and women who inspect electricity meters, for example, could enter readings in the computer and give householders personal print-outs of the likely size of their electricity bills.



Beaming in on harder SDI chips

By DAVID FISHLICK, SCIENCE EDITOR

A BEAM that can drive oxygen ions deep into a silicon surface to form an insulating layer of silica (silicon dioxide) has been developed in a \$3.5m collaboration by British industry and national research centres.

The result is a new commercial facility, largely paid for by the taxpayer, which offers a service in "hardening" silicon chips against the ravages of nuclear radiation and lightning strikes. The service, officially inaugurated this week, can treat from 600-2,000 silicon wafers a week.

Hardening of electronics against the electromagnetic pulse (EMP) from exploding

nuclear weapons is of growing importance to the defence and space industries, and specifically to the US Strategic Defence Initiative (SDI).

Behind the new silicon hardening service, run by V. G. Semicon of East Grinstead, Surrey, is a three-year development programme involving two UK Atomic Energy Authority laboratories, the company itself, and a user advisory panel comprising British Telecom, GEC and Plessey, Britain's two major electronics companies.

The new facility, is called Oxis 100 and is built round an oxygen ion beam system developed jointly by Harwell, the Atomic Energy Research Establishment, and the Culham Laboratory, which does research into controlled nuclear fusion.

For Oxis 100, the ion beam current has been boosted from a maximum of 10 milliamperes, normally used for doping, to 100 milliamperes. At 200 kilovolts, the oxygen ions are driven to a depth of one micron (0.001 mm) in the silicon wafer, to form the insulating barrier of oxide. This barrier isolates electronic circuits etched in the silicon surface from any spurious or damaging signals circulating in the wafer itself when bombarded with radiation.

In Oxis 100, wafers are processed automatically at red-heat, up to 750 degrees C, to

maintain the single-crystal nature of the silicon surface for subsequent processing into chips.

The ion source needed to get the required penetration of oxygen is itself made of silica. All surfaces which may be touched by the ion beam, six metres long, are coated with pure silicon to minimise contamination of the system. The beam is automatically scanned across a batch of silicon wafers totalling 20,000 sq centimetres.

V. G. Semicon plans to use the Oxis 100 facility both to demonstrate the technology to potential purchasers of the system, and to offer a production service complementing its services in providing gallium arsenide, an alternative semi-conducting material.

Initially, the new service in hardening silicon is being offered as competition for silicon-on-sapphire circuits, whose radiation hardness to 1m rads or more is specified for defence or space applications. (A rad is a unit of radiation energy deposited in a material). V. G. Semicon has orders from all three British companies of the user advisory panel, and from the US, says Dr Steve Moffatt, manager of the silicon hardening facility. For companies wishing to buy their own Oxis 100 system the price is about £2m.

£3.5m private digital network for ICI

By GEOFFREY CHARISH

THE LARGEST private digital telecom networks in the UK, installed by GEC Reliance, has gone into action at Imperial Chemical Industries.

The new voice and data network is based on 18 GEC SL-1/SLX systems which combine the functions of private automatic branch ex-

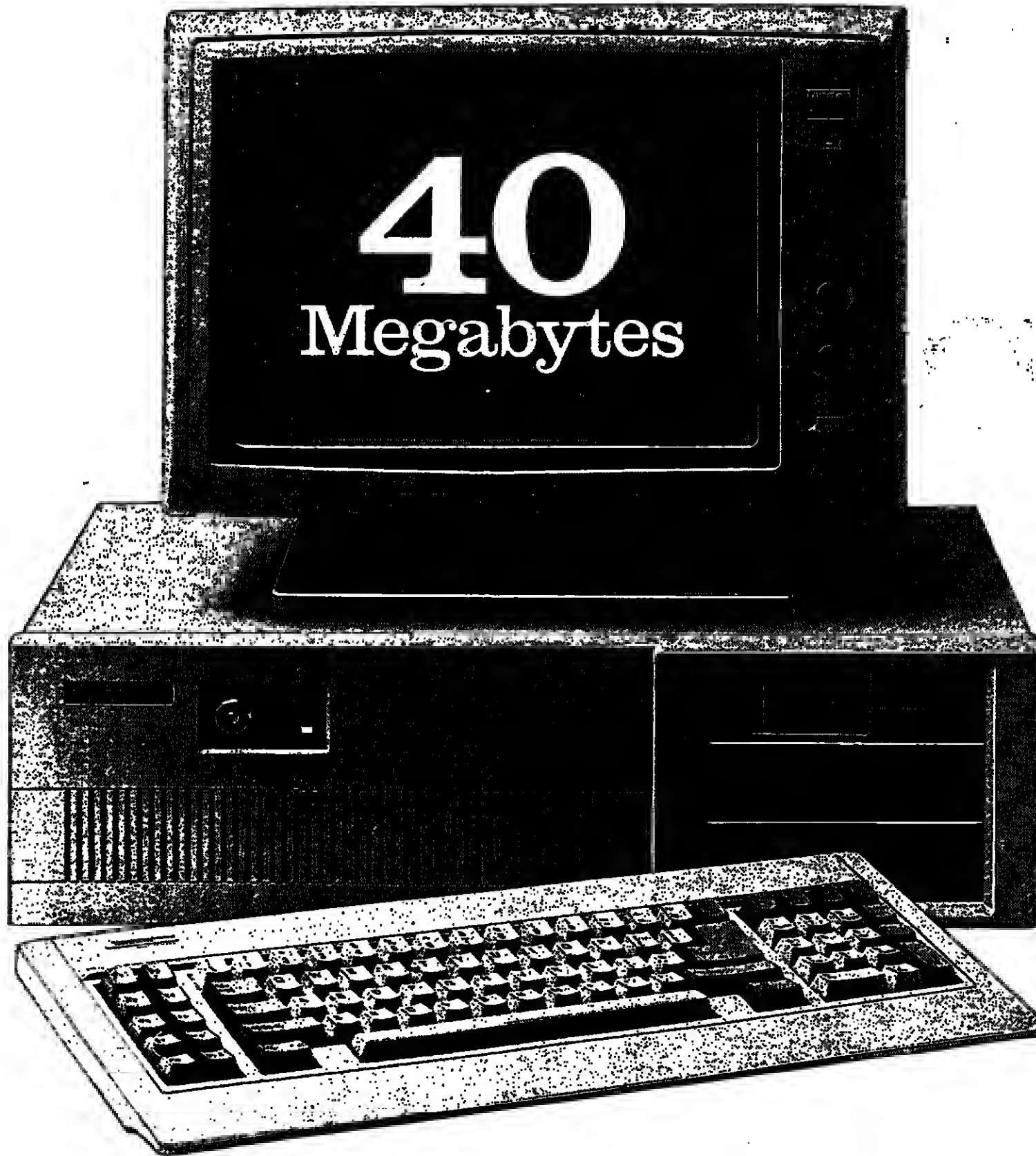
changes and transmit switching centres. The network, which cost \$3.5m, links 78 ICI sites from Graysenhall in Scotland to Postypool in Wales, and embraces 50,000 users.

Calls are managed using the new UK DPNSS (digital private network signalling system) standard, able to

provide such user features as "call back when free." Data is switched using the international standard X21 protocol.

GEC Reliance had a similar success last year when it provided a system for Electronic Data Systems, the General Motors data networking service subsidiary which has 216 sites world wide.

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**Commerce on scent
 of tiny substances**

TECH COMPANIES, all British or having "a strong British presence," are collaborating with the Atomic Energy Research Establishment at Harwell to try to develop new ways of detecting biologically active substances of minute concentrations.

They have formed a research club backed by nearly £250,000 a year to spend in the search for inexpensive and easily used sensors for medical and veterinary tests. If they are successful their technology will also find its way into new methods of controlling biotechnology processes such as fermentations and cell culturing, in genetic engineering for example, and for monitoring food and drugs for impurities, toxins and signs of deterioration.

Dr David Williams, manager of the club at Harwell, will not name his corporate collaborators but says they are entrepreneurial organisations willing to go for high-risk, high-return research.

A year ago biosensors were part of Harwell's wider interest in new sensors (detectors) of all kinds. This research was pursued in the materials development division under the management of Dr Andrew Chadwick. Three companies then agreed to form the biosensors club, the latest of a score or so of such research and development arrangements created by Harwell over the past decade to facilitate transfer of publicly-funded science into new British products and techniques.

In the past six months membership of the biosensors initiative has been expanding rapidly to create "a very lively forum," Dr Chadwick says. Part of his job, as manager of the chemical technology centre, is to sell the club concept of collaboratively funding research programmes to UK industry.

The biosensor materials club, which began with a portfolio of ideas for possible "second-generation" sensors, has already focused most of its attention on a single technology. This is to harness immunology—the science of the immune reaction—as a sensory technique.

In effect, the researchers are trying to harness nature's own methods of sensing, for example in taste and smell. These are sensitive enough in some cases to detect nanograms (billionths of a gram) per millilitre of a substance. "It's a pretty ambitious project," Dr Williams acknowledges.

In fact, the concept the club has chosen to pursue is one which arose from a collaboration in corrosion research between Dr Williams and Prof Martin Fleischmann, the electrochemist at Southampton University. They have applied for a patent on this idea, which is to mimic the body's own electrochemical sensors through a mechanism called the ion gate sensor.

The basis of this is a membrane which is normally insulat-

ing but which can be induced by the presence of certain chemical species to develop conducting channels. The patent describes how to analyse the signals obtained from such a membrane.

In nature, a membrane of this type is made up of a double layer of lipid (fat-like) molecules about 5 nanometres (billionths of a metre) deep. It is able to recognise and bind to single molecules and in the process open a "gate" which permits an electrical signal to pass, announcing the presence of that molecule.

But lipid bi-layers are very difficult to make artificially. So the Harwell scientists are searching for mechanically more robust membranes of artificial polymer that will imitate a lipid bi-layer membrane's action. Into these polymer membranes they will try to incorporate monoclonal antibodies raised against particular antigens, as the agents currently showing greatest sensitivity and specificity for the protein molecules—hormones, toxins, etc.—they hope to detect.

OUT OF THE BACKROOM

By David Fishlick

Although this ion gate sensor, as a concept with Williams, believes is unique to Harwell, is the main goal of the research club, the idea of an optical biosensor is also being assessed.

The ten members of the club which have agreed to the programme range from big research-based health-care companies to groups with no research of their own, and others which say they want to break into the medical market. They are funding a group of five professionals—a unique combination of scientists and engineers—led by Dr Williams.

Under club rules there is nothing to stop a club member from placing a separate research contract with Harwell. By the same token, Harwell itself is willing to sub-contract investigations where it finds a particular pocket of expertise it wants to tap.

Britain has a strong university base of research in novel sensors, maintains Dr Chadwick, citing such centres as Grandfield for biosensors, Oxford for enzyme-based sensors, and Imperial College, London, for electrochemical sensors.

Dr Williams also manages two other Harwell research clubs, exploring novel gas sensors that will detect minute amounts of a poisonous gas, and new sensors to monitor concentrations of carbon monoxide and hydrogen sulphide.

One successful goal has been a fine detector more sensitive than commercial smoke detectors. This is capable of picking up carbon monoxide and other toxic gases given off in combustion before it reaches the stage of making smoke.

IBM is a trade mark of International Business Machines Corporation. Prices quoted include monochrome monitor and are recommended retail prices excluding VAT. Colour monitor is additional price option for £225.

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MANAGEMENT: Marketing and Advertising

Japanese aim to set a fashion in the West

Gordon Cram reports on the ambitions of Hanae Mori and Renown

HARAJUKU, Tokyo's fashion district, is mix-and-match rather than ensemble: the shops which line its streets cover the full range from boutique to bazaar. The wares reflect a Japanese clothing industry which is diverse but whose composite parts share a rapidly internationalising outlook.

The country's designers have long been represented among the West's most rarefied stratum of style arbiters. What has been happening in recent months, though, is an extension of this to bring Japanese lines to outlets abroad in larger volumes. North America and the more developed markets of Asia are key targets: Europe should not be too far behind.

The trend has something to do with the yen, but it is not a story about exports of home-produced goods. Although makers of everything from cars to compact disc players may be suffering from the ascent in the currency, the rag trade has been immune.

The reason is that, on the whole, it does not export: to the extent that it does, the squeeze is being more than offset by cheaper costs for the raw materials needed to be imported.

Instead, the shift is to production overseas. At least two of the most prominent companies in the sector are implementing their own, finely tailored, strategies for markets overseas, while others show signs of following.

Hanae Mori, an exclusive designer house, and Renown, the country's leading volume producer of suits and leisure wear, are not usually mentioned in the same breath. Until recently, a headquarters in the Harajuku area was about all they had in common. Yet the moves they have independently set in train take them along much the same route.

A presence outside Japan is the most prominent sign of a repositioning which lays stress on technology alongside creativity, but which relies on the domestic market for the bulk of sales.

At first sight, the house founded in 1951 by Hanae Mori (who is still at its head) might be expected by fashion watchers to be above such con-

siderations of commerce. She has offered haute couture in Paris for the last 10 years, while in Japan, her ready-to-wear, which makes up most of the business, is almost as indulgent in its quality of fabric and attention to detail.

But, from its current sales base of ¥40bn (£179.5m) a year, the Hanae Mori company last month announced plans which envisage a new volume business for the 1990s. It aims to corner as much as a quarter of the world's eshmore production through a venture which will produce yarn in China and finished garments in Puerto Rico.

In this trickiest of industries, the strategy is astute. Official backing for the project has come readily, both from Peking and San Juan. The goods are to be shipped from outside Japan so trade frictions and tariffs are averted. And, most important for an output of more than 450,000 sweaters a year destined mainly for the US market, the American commonwealth status of Puerto Rico permits the clothes to carry a Made in USA label.

Top quality fabric

Production is due to start next June and attain full pace by 1991, when annual revenues could reach \$100m.

The average wholesale price tag for the garments will perhaps reach \$200 apiece, and Hanae Mori is by no means ready to sacrifice its exclusivity. Instead, it believes it has identified a gap towards the top of the ready-to-wear cashmere market where top quality fabric is not matched by a distinctive approach to style.

As one senior member of the house puts it: "Everything is seen through Mme Mori's eyes. That won't change."

If the venture is a success, what is intended to follow is a move into retailing Hanae Mori wares more widely in the US through the establishment of a chain of boutiques—at present a boutique in Manhattan is its sole own-name outlet. In Japan it has 60 shops, along with outlets in department stores.

Hanae Mori clothes are already made on a small scale in Europe as well as in the US, under contract arrangements which allow it to add or subtract as the need arises. Of the vagaries of the currency markets Ken Mori, one of the two sons in the business, says: "We are adaptable; we simply shift location. At the same time, we are not encouraging exports from Japan. If anything, we encourage imports."

Another partner in the cashmere project is Transworld, a US maker of textile plant technology, which has been brought in on a long-term basis rather than as a mere supplier of machinery. Apart from gaining funding help, Hanae Mori ensures that its equipment is as sophisticated and updatable as its current lines.

Renown, with annual sales of some ¥220bn and leadership of a mass market for off-the-peg suits and casual wear, could hardly be more different from Hanae Mori. What they have in common, though, is that they are feeling similar sorts of pressure from young designers like Issey Miyake and Yohji Yamamoto. These new wave designers, unsurprisingly, have their mass market imitators able to turn out relatively small and changing runs which look right up-to-date while still being affordable.

In a fickle sector, this caters to one of the few constants—a youthful desire to look the same, but not too much the same, and certainly not for too long. In that respect Renown, with its large-volume production runs commissioned mainly from outside suppliers, can be as slow-moving as the Royal Navy flagship which visited Tokyo in 1922 and after which it is named.

Still, its output remains in demand by the department store groups. The clothing business in Japan is to a large extent vertically integrated, with makers taking much of the responsibility for marketing, and retailers able to order on a sale-or-return basis. Hirokichi Inagawa, Renown's president, points out that in a fragmented and financially weak industry worldwide, "they need big companies like ours."

What is changing is Renown's approach to its market, a shift



Some of Hanae Mori's designs shown in Paris this month

which is requiring new ways of doing things throughout the process, from concept to cash register. Amid this scrutiny of its market standing, the decision was made to go abroad.

In the past year it has set up manufacturing facilities in Singapore, Hong Kong and South Korea. Goods made there are, however, rarely for re-export to Japan—the more numerous lines and quick deliveries which the company is now demanding of itself exclude this for all but the most basic items.

Sales outside Japan, which now approach a tenth of total turnover, are largely in the countries where the clothes are made. Again, the link is the Japanese store groups, which are establishing a commanding presence in Asia's more sophisticated consumer markets, and which first suggested the deals.

At home, Renown is investing in point-of-sale stock control systems, while its lines are being broken down from monolithic "national brands," sold to all outlets pretty indiscriminately, towards brands made exclusively for each store group. In addition to arrangements like this, which often involves the retailers at the design stage as well as in final pricing, Renown manufactures under licence for overseas designers.

British TV advertising

From hard to soft sell

Feona McEwan reviews a 30-year history of commercials

NOWHERE is the British distaste for commercialism more neatly illustrated than at the violent birth of independent television. Who would have thought that a stilted 60-second commercial for toothpaste (consisting of a gashet of Gibbs SR, a block of ice and talk of "tingling freshness") would have symbolised such dissent within the British establishment, or unleashed such vitriol?

Lord Reith, the pioneer of the BBC, compared commercial television to smallpox, the Black Death and the bubonic plague. Lord Hailsham likened ITV to "Caliban emerging from his silted cavern." Lord Esher foresaw an orgy of vulgarity.

On the fateful first commercial night in September 1955, when Gibbs and Cadbury christened the small screen for advertisers, the BBC was taking no chances. It decided to kill off Grace Archer, one of the nation's favourite characters in its long running radio soap, The Archers, in an attempt to keep its 5m listeners loyal.

Of course history has passed its own judgment and 30 years on, we know better. Views may differ on the merits of ITV, but what is indisputable is that the arrival of the first truly mass advertising medium did change things forever.

Now a new book, "British Television Advertising: The First 30 Years" attempts to show just how. With the help of 14 leading advertising practitioners and industry observers, this stock-taking manual, edited by Brian Henry, former sales chief of Southern Television, tracks the bumpy birth, the growing pains, the tribulations and the achievements of the ad industry's most virulent marketing tool.

Contributions come from agency-shapers like Tim Bell, David Bernstein, and Winston Fletcher, with social commentary from Lord Reith, eminent historian and chronicler of the BBC, and marketing morals from Sir Ronald Halstead, former chairman of Beecham, among others; every chapter is peppered with examples of the great in television commercials.

The book has its highpoints and is a worthy contribution to the history of the industry. Overall, though, the tone is a bit pedantic, the statistics, both patchy of factual reports, alongside personal viewpoints,

a number of them provocative. Much is claimed of television advertising: that it has influenced social attitudes and behaviour, affected product pricing, built brands and shifted shoppers' habits. That's as may be, but there is a lack of hard evidence to support the most extravagant claims.

Not surprisingly, then, the tone is self-congratulatory in general. Television, spurred on by the competition of the new channel, transformed British life.

"Television changed our conception of how advertising works," says David Bernstein. Profiling the television commercial, he chronicles the way the confrontational hard sell of the more-experienced US melted into the soft sell, as advertising moved from one to two way communications. In 1955 the viewer was told something; in 1985 he/she is invited to learn something. The shift was from manufacturer-based marketing to consumer orientation.

Sponsor

From the start, the standard American 60 second commercial was reduced in the UK by half and more, and set intervals of "spot" advertising ensured that editorial and commercial content was hermetically sealed. No "and now a word from our sponsor" lines for the British.

Gradually a new generation of advertising folk grasped the new visual grammar. Ads whose copy was too long (the legacy of radio broadcasting) and whose shots were too long (the legacy of film-making) gave way to ads that informed and, importantly, entertained, in an evolution that has given the world some of its top production talents.

There was a symbiosis here. While advertisers learnt from the programme makers, so the makers, not least the BBC, picked up tricks from the advertising technicians. "TV encouraged advertising to surpass TV," says Bernstein. "If you are interrupting a story with a story, you'd better make sure your story is better than the one you're interrupting." Soon advertising was spending as much on 30 second commercials as programme makers were on 30 minute programmes. Television gained, too, be- cause, sketches in sitcoms, that were six minutes long, were reduced for audiences now

accustomed to commercial "shortland."

Television, according to Sir Ronald Halstead, was the single most important factor in the marketing revolution within many major sectors of British industry, by providing a mass house-wide audience, and offering the immediacy and impact of moving messages. In 1955, he noted that most British companies, at least domestically, were production-led with little time for marketing. The US, meantime, had taken the Adam Smith dictum to heart. Find out what the consumer wants, provide it — then make sure he/she knows where it is. By 1960, he noted, marketing consciousness was dawning in British business.

One major marketing initiative he welcomes was the rationalisation of television airtime. This caused a major restructuring of the advertiser's company planning, distribution networks and sales forces. It provided a powerful tool for selling new product launches and test marketing.

Highly developed research techniques into campaign coverage and audience profiles evolved to offer the UK advertiser far better information. Halstead points out, that is available to their counterparts in the US. If soap powder and household cleaners proved the leading advertising category on television in the early years, the late 1970s saw a rapid change in the number of industries accepting the benefits of TV advertising. Grocery staples were one. Tim Bell, a founder member of the Saatchi empire, maintains that television advertising in the 1970s teaches three main lessons. First it lowers the price of goods, as the volume-sales-lead-to-increased-productivity — which — lowers the cost — to-the-consumer argument. Second, it generates competition among companies to produce better products. Rival blades have developed from Gillette blue disposables and non-disposables, double-edged and stainless steel, all because competitors use advertising. Thirdly, it makes people aware very quickly of new products and speeds up the learning curve both for the consumer and for the manufacturer who is consequently able to speed along the new product route. Century Benham, £25.

What's a ten-year-old doing in The Financial Times?

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NOTICE IS HEREBY GIVEN that the Board of Directors of the European Atomic Energy Community (Euratom) has decided to redeem the 14% Bonds due 1991 on the date of their maturity, namely 30th October 1986.

Public Notices

MEMORANDUM AND MEMBERS' COMMISSION INVESTIGATION INTO THE CRISIS RAILWAY BOARD

On 25 September 1986 the Secretary of State for Transport and the Secretary of State for the Environment and the Secretary of State for the Home Department have issued a Memorandum and Members' Commission of Enquiry into the Crisis Railway Board.

NOTICE OF REDEMPTION EUROPEAN ATOMIC ENERGY COMMUNITY (EURATOM) 14% BONDS DUE 1991

The Commission of the European Communities has decided to redeem the 14% Bonds due 1991 on the date of their maturity, namely 30th October 1986.

Legal Notices

No. 008910 of 1986 IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

IN THE MATTER OF IMPERIAL INVESTMENT SERVICES PLC AND IN THE MATTER OF THE COMPANIES ACT 1985

Public Notices

MEMORANDUM AND MEMBERS' COMMISSION INVESTIGATION INTO THE CRISIS RAILWAY BOARD

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In the first instance, please write enclosing a detailed C.V. to: Colin Payne, Managing Director, JPW Recruitment Advertising Limited, Chancery House, 53/64 Chancery Lane, London WC2A 1QX.

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Please write with full personal, career and salary details. These will be forwarded direct to our client. List separately any companies to whom your details should not be sent. Kate Edwards, ref. KE/E/2.

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The ideal candidate will be a Chartered Accountant, aged 32-38, with at least 3 years' experience in manufacturing. Management ability and good communication skills are essential, together with sound understanding of computer systems. Engineering industry experience would be an advantage.

The remuneration package is negotiable including a bonus, car, family medical insurance etc. Relocation assistance is available if necessary.

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Austin Knight Selection have been retained to handle applications, please send full personal and career details to Kay McGregor at Austin Knight Selection, 17 St. Helen's Place, London EC3A 6AS, or call her on 01-628 5021 (01-256 6925 evenings/weekends). Ref: 548/KM/86.

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Applicants, who must be qualified accountants and probably in their late 20's/early 30's, should write with full C.V. to Stuart Brown, Group Finance Director, Wharf House, Medway Wharf Road, Tonbridge, Kent. TN9 1RE.

Crystalate Holdings plc

Financial Controller

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You should be a qualified accountant with at least five years post qualification experience. Personal development prospects are excellent, and attractive benefits include relocation assistance if appropriate.

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Citicorp will on October 31, 1986 issue a second tranche of 8.75% Interest Enhancement Notes due November 27, 2035 ("Enhancement Notes") in an aggregate principal amount of U.S.\$350,000 which are to be combined with U.S.\$35,000,000 principal amount of Citicorp's issue of U.S.\$350,000,000 principal amount of Subordinated Floating Rate Notes due November 27, 2035 (the "Subordinated Notes") on the basis of U.S.\$100 principal amount of Enhancement Notes per U.S.\$10,000 principal amount of Subordinated Notes. The Enhancement Notes will form a single series in conjunction with the first issue of Enhancement Notes and as such will be admitted to Listing on the Luxembourg Stock Exchange.

A Second Prospectus Supplement relating to the second issue of Enhancement Notes, which should be read in conjunction with the Prospectus, will be available at the offices of the Financial Paying Agent, Citicorp Investment Bank (Luxembourg) S.A. and the Sub-Paying Agents listed in the Prospectus.

The Enhancement Notes have not been registered under the United States Securities Act of 1933 and, except as set forth in the Prospectus, may not be offered or sold directly or indirectly in the United States or to U.S. persons (as defined in the Prospectus). The Second Prospectus Supplement does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation.

October 30, 1986

CHARITY COMMISSION
PROPOSED COMMON INVESTMENT
FUND

The Charity Commissioners propose to make a scheme on the application of the Charity Commission Act 1960, that a meeting of the trustees of the Charity called the Henry Trust and the National Trust Fund to establish a common investment fund. It is proposed that the trustees of the fund will be open to charity trustees and that the fund will have wide powers of investment. Copies of the proposed scheme may be obtained from the Charity Commission (01-257-2222) or St. Anne's House, 57-60 Haymarket, London SW1Y 4QP. Objections and suggestions may be sent to them within one month from today.

CHARITY CONSOLIDATED
GROUPS (S.A.) OPERATIONS
LIMITED

NOTICE IS HEREBY GIVEN, pursuant to the provisions of the Companies Act 1985, that a meeting of the Directors of the Charity called the Henry Trust and the National Trust Fund will be held at 40 Holborn Viaduct, London EC1A 1JL, on the 15th day of November 1986, at 3.30 p.m. for the purpose of the said Act. The proposed scheme mentioned in sections 266, 269 and 280 of the said Act. Dated this 30th day of October 1986. By Order of the Board CHARITY CONSOLIDATED GROUPS (S.A.) OPERATIONS LIMITED A. J. Carr

THE ARTS

Galleries/Roy Strong

Portraying beauty in the beast



Katherine Jones, centre, in Gaudete

Gaudete/Almeida

Claire Armitstead

In the interval, two hours into this 3 1/2 hours epic, there was an earnest discussion between three arty looking youngsters...

The show, an adaptation of Ted Hughes' narrative poem Gaudete, certainly contains some of the most stunning images one is likely to see in the theatre...

Sinfonietta Voices/Bloomsbury

Max Loppert

The autumn season of the Contemporary Music Network began on Tuesday at the Bloomsbury Theatre with an ingenious and refreshing choral compilation by the London Sinfonietta Voices...

Arts Guide

Exhibitions

ITALY Venice: Palazzo Ducale: China in Venice. Chinese Collection from the Han Dynasty to Marco Polo (25-1278 AD). 150 objects, including silks, brocades, jewellery, terracotta figures, glass and porcelain lent by the Pease Gallery of New York...

I am just back from Venice and couldn't help noticing yet again the beguiling presence of cats peering at me in every corner. Yet the Venetians produced no great cat portraits...



A gentleman, his hound beside him, holding his chestnut hunter outside a stable, by John Wootton—with an attendant at a respectable distance

Whose portraits went up on to the walls of the house after that of the owners and their patrons but those of their horses and dogs? Whole centuries have passed, such as those of Buxton and Althorpe, are peppered with life-size delineations of horse flesh and the joys...

can stage an Annual Exhibition of Sporting Paintings (until November 15) sums it all up. It would not be staged if there were not a permanent demand...

is removed and we enjoy the beauty of the beast and join in its joyous movement through the landscape. Two greyhounds course a luckless hare in the background on one dog portly but we are spared its cry and hideous death...

that of its rider. Debreit is still referred to as the Stud Book, epitomising an attitude of the establishment classes to breeding both in men and animals which lingers to this day.

Lorraine McAslan/Purcell Room

Richard Fairman

String players are comparatively modest as a breed. Within virtuosic ranks, a little virtuosity is taken to writing virtuoso music. A little like Brahms's D minor Violin Sonata holds no technical problems for her. So all her energies can be channelled into a reading of urgent romantic power...

Wexford's "Tancredi" comes to London Wexford Festival's new production of Rossini's Tancredi will be seen at the Queen Elizabeth Hall on the South Bank on November 4.

Corporate art collecting

Antony Thorncroft

In a few weeks time Mr Cob Stenham leaves Unilever, where he has been a full board director to become chairman of the non-American part of Bankers' Trust. His presence will remain in Unilever House in the form of 200 works of art by contemporary British artists which he has been largely responsible for acquiring over the last six years.

Among the early purchases were works by Ian McKeever, Stephen Farthing, John Bellamy and Amanda Faulkner. Among the more established names featured are Terry Frost, Elisabeth Frink and John Hoyland. The aim has been to put the paintings on display where they would be most appreciated in value.

La Traviata/Covent Garden

David Murray

On Tuesday the Royal Opera season began with Verdi's La Traviata, but a Traviata without a Violetta is a non-starter. Lucia Aliberti, whose engagement for the role must be the result of some mad whim, is a non-Violetta on a breathtaking, comprehensive scale.

His compatriot Luri Masurok in the new Germont pere cultivated and indeed dandified. Not much warmer, but his "Di Provenza il mar" was elegantly delivered; the interesting quaver quality of his baritone gives the voice a fine cutting edge.

sensible things on his own), because Miss Aliberti must be impossible to play in. If she smiled for the briefest moment, I must have blinked; a more charmes, gauche, dotty self-absorbed demi-mondaine at her own party could hardly be imagined, and since she never looked at Alfredo, it seemed unlikely that she would recognise him next time.

Miss Aliberti is scouted a tolerable Lucia di Lammermoor; though her upper-middle register is harsh, her diction colourless and her pitch unreliable, she has good, free, confident top notes. One of those was the sole virtue of her "Addio, del passato," otherwise whistled interludes between her habits of falling behind the beat and scooping up to notes from below had gone beyond decent comment.



Lucia Aliberti and Yuri Masurok

Extemporary Dance/The Place

Clement Crisp

There is an earnest note in the programme for Extemporary Dance's latest offering, which makes much of the "liberation from all oppressive systems of operation" which is the creed of New Dance. That New Dance—which is not as new as all that—adjusts "traditionally stylised dance techniques" is obvious in this evening of two creations by Laurie Rouse and Steve Paxton, as the dancers touch, clutch, and fall into little poses. They romp inexorably, showing us fragments of movement, hints of games, and only a few moments of grace.

Mr Booth's Elbow Room Game finds the cast of six running about, their manner often aggressive, and at least the choreographer has passed on to his dancers that energy which so distinguishes his own performances. At its best the movement has the separate fever of ecstatic dancing; at its least convincing it hammers away at simple ideas.

Saleroom/Antony Thorncroft

Sotheby's did quite well selling good, but not brilliant, Old Master paintings yesterday, making £271,858 from the morning session, with 14 per cent unsold. A large painting (66 by 101 inches) by Johannes Fyt was the star of the show making £26,000 to the London dealer Jobory van der Meer, who he competes with a continental dealer.

The estimate was up to £15,000, but there was little doubt about the quality of the picture. The fact that it sold well is encouraging for Old Masters because its subject matter, "Diana and her handmaidens with bounds" (and a plethora of dead game) has until recently deterred buyers. Another still life, which included dead birds, flowers and grapes, by Frans Snyders, sold for £35,200, and the same price

Musical/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday, A selective guide to all the Arts appears each Friday.

October 24-30

Krupp Foundation. The treasures from the period 1694-1738 of great Electors are on loan from Dresden's scenic cultural collection. The eight royal collections are presented separately with characteristic master works. There is also one of the oldest and most complete collections in the world and a huge collection of arms and copper engravings by Boucher, Chardin, Piranesi and LePon. The picture gallery includes works by Titian, Poussin, Velasquez, Rubens, Rembrandt and Cranach. Ends Nov 2.

Madrid: Pablo Picasso in Madrid. 46 oil paintings, seven sculptures and 5 drawings on loan by painter's widow Jacqueline from the painter's private collection including Nu Debout of his blue period, a sketch on Guernica and one of his last pieces Mousquetaire at Pessegueiro. Museo Espanol de Arte Contemporaneo (MEAC), Avda Juan de Ortega 2. Open 8.00 to 15.00. Closed Mondays.

Chicago Historical Society: Louis Sullivan, seminal figure in American architecture, is celebrated in an exhibit in the city he made architecturally famous with newly made models of his buildings along with drawings, sketches and building fragments emphasizing his use of ornament. Ends Dec 31.

FINANCIAL TIMES

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Thursday October 30 1986

Standards for global bankers

THE RESOLUTION by banking supervisors at their meeting in Amsterdam last week to try to agree on the same minimum capital standards for all banks which do business across international borders is both logical and sensible. In the marketplace, where the world's largest banks engage in heated competition, it is right from a prudential point of view that they should all pass similar tests of soundness and from the point of view of competitive fairness, that they should all bear the same minimum capital costs.

No one should underestimate, however, the enormous problems which supervisors face in setting up what are likely to be the first world-wide regulatory standards for a single industry. Indeed, it is possible that they may even fail in their task because of the strongly entrenched interests of national banking industries, and their widely differing practices. It has taken supervisors more than a decade of regular contact through such channels as the Basle Committee to get this far, but the speed of change in banking is now such that they cannot allow another ten years to pass before they reach accord.

Highly exposed

Supervisors are unlikely, for example, to receive much encouragement from bankers themselves whose only interest—understandably—in global regulation is to ensure that none of their competitors gets a head start. For many banks, global regulation will mean only one thing: higher capital requirements, and therefore higher operating costs. And supervisors cannot be totally deaf to their case since banks must make adequate returns to sustain healthy growth. Yet banks in heavily regulated countries will have to meet the national authorities set a higher capital requirement than the agreed international minimum.

At a practical level, supervisors must define clearly their definitions of capital: clearly it includes equity capital and reserves since these are a bank's "own funds" which are permanently available to absorb

losses—the main function of capital. But does it also include debt capital which may not have to be repaid for many years and even, in some cases, never at all? This might be an opportunity for supervisors to address the question whether banks should continue to hold part of their worth in hidden reserves or deliberately undervalued assets, as they do in many continental countries. Greater international agreement is also needed on the level of loan loss provisions that should be made to meet a common threat, such as a defaulting sovereign borrower. Already the growing divergence between the provisioning practices of banks from various countries is dividing them into those which remain keen for a solution to the Third World problem because they feel highly exposed, and those for which it is becoming a matter of indifference because they have written off a lot of it. Whatever the practical difficulties, supervisors will do best by concentrating on the essence of an agreement, the aim of which must be to inspire more confidence in the international banking system than exists at the moment. For although most of the world's largest banks have increased their capital by large amounts since the Third World debt crisis broke in 1982, that has probably done no more than offset the increased speed with which the shocks of bank failure in one country can damage innocent banks in another one.

Risky borrowers

Supervisors should avoid giving the impression that simply because all international banks become subject to the same capital requirement, the dangers of the international banking market have been removed. A minimum capital standard would probably have little meaning unless it was backed up by other measures to prevent bankers abusing it, by, for example, building up large exposures to high yielding but risky borrowers in order to make up for the lower returns which would also have to be sanctioned—such as exclusion from major markets—for banks which failed to abide by the standards.

The reshaping of an industry

WHEN AN industry faces a sudden change in its competitive position, through the removal of protective tariffs, it is better to leave the adjustment process to the market than to seek to cushion or guide it through government intervention. This is the rather surprising lesson from the British paper and board industry, which is just emerging from two decades of exposure to unrestricted competition from Scandinavian producers. Instead of passive acceptance of defeat at the hands of the forest-rich countries, the structure and ownership of the industry have been radically altered; new entrepreneurs have emerged; and there has been a useful injection of capital and know-how from overseas. It is a lesson which other hard-pressed industries would do well to study.

New forces

The changes, described in the latest review of the industry by Alexander Laing and Cruickshank, the stockbrokers, involve a concentration of resources in sectors of the market where import competition can be avoided or beaten back. Capacity for high-volume grades which are most economically made in large integrated mills (that is, mills making pulp and paper in a continuous operation) has been drastically reduced. Bowater, for instance, has largely withdrawn from newsprint and has invested in higher-quality grades which are made from a variety of imported pulp mixtures; vertical integration is less important here than quality and service to the customer. Reed, whose capacity has halved since 1966, has switched mainly to grades based on indigenous waste paper.

Yet although Bowater and Reed are still the country's two largest papermakers, the most interesting developments have come from new forces which have been expanding their capacity by investment in plant and by acquisitions. Thus Davidson's, subsidiary of FPB Industries, has become the third largest producer by concentrating on waste-based packaging board and on two sites (a third was added this year by purchase from Unilever) which have been continuously modernised. Davidson's constant strategy contrasts with the patchy performance of Unilever, which, through Thamek Board Mills, used to be easily the

largest board producer; its sole remaining interest is the integrated board mill at Workington. The industry has not been helped by the fact that large parts of it were owned by diversified groups of which papermaking was a peripheral activity. Although there are exceptions—most notably Wiggins Teape, the BAT Industries subsidiary which has shown a consistently strong performance in the past few years—few of these diversified groups had the commitment to the industry, or the confidence in its future, which was needed during a very difficult trading period.

One of the dynamic forces in the industry is David S. Smith (Holdings), which through its purchase of Western Board Mills and St Regis Holdings, is now the fourth largest producer. Here again a dedicated management, willing to invest in plant reduction and quality improvement, is the key to success. Other smaller producers, like Tullis Russell and Thomas Tait in Scotland and James Cropper in Cumbria, have shown a similar approach. The revival of UK newsprint production has been led by two foreign companies, one from Canada and the other from Finland, which have a big commitment to the world newsprint market. Another sign of the new trend was the recent buy-out by the management of Bowater's UK paper and board business.

Worse example

Government intervention in the adjustment process has for the most part been misconceived. The worse example was the Fort William project in Scotland, where Wiggins Teape allowed itself to be persuaded that an integrated pulp and paper mill could, with government subsidies, be viable. The pulp mill was opened in 1966 and closed, after heavy losses, in 1980. Other general policies towards industry—notably on energy prices—have been damaging to the papermakers.

To halt the decline of an industry and to revive it, entrepreneurs and managers who can see clearly what the opportunities are and how they can be exploited. It also requires an array of capital providers in the private sector which are prepared to back the entrepreneur's judgment. These conditions appear to have been satisfied in the paper industry.

ECONOMIC VIEWPOINT

Thatcher's gamble with inflation

By Samuel Brittan

IT WAS always a nightmare that the symptoms of overheating rising inflation, increasing skill shortages and the sucking in of imports, even at a competitive exchange rate—might develop with over 3m unemployed; and now the nightmare stands a chance of being realised.

The Treasury is quick to point out that only a few weeks ago all the talk was about the pause in economic growth and how long it would continue. Precisely Treasury-type forecasts nearly always point to a real growth rate of 2 to 3 per cent, close to the trend growth of capacity, but in real life the economy moves in fits and starts.

Just as the world boom supposed to be unleashed by the fall in the oil price never materialised, so the moderate growth expected over the next 12 months is unlikely to occur. There will either be another disappointment or an excessive spurt. The spurt would be obvious if forecasts focused on demand—whether nominal or real—rather than GDP so that the part which could not be met from UK output was also measured.

The main evidence of overheating does not come from money and credit figures, for the simple reason that we have no idea what are the safe rates of growth for the various aggregates.

So-called narrow money—M0—of no economic significance. It is nearly all notes and coin, the size of which may reflect, but does not cause, or indicate in advance, movements of inflation. The money stock, as measured by the Retail Price Index, has risen 20 per cent in August, perhaps 24 per cent or more before the end of the year, and thus reinforces expectations that inflation is taking off again.

On the horizon, too, are unconvincing public spending limits for next year and an inadequate contingency reserve emerging from the Star Chamber, which by a funny coincidence has this year an anti-Treasury majority. And I can see the teachers' settlement going down like a bomb in the foreign exchange market. A vicious cycle of falling sterling, higher home rates, feeding into rising RPI and still weaker sterling is at least a 30 to 40 per cent probability.

All these retreats will be rationalised in the clubs and institutes of London by the arrival of GREP (the notorious Campaign to Re-Elect the President—Nixon), and GREP (the Campaign to Re-Elect Mrs Thatcher).

The Government has thrown away the opportunity to entrench a low rate of inflation by tying sterling to the D-Mark at an ideal rate of exchange, through the EMS. Sterling is vulnerable because there is an obvious downward risk and no apparent floor. Even 11 per cent base rates may not be able to compensate for this.

I wish somebody would tell Mrs Thatcher (who is not a Viennese reader) that sensible advocates of the EMS do not regard it as a soft option and are well aware that interest rates may have to rise sharply to defend sterling's EMS parity in a crisis.

The beneficial effects of an EMS party come through the

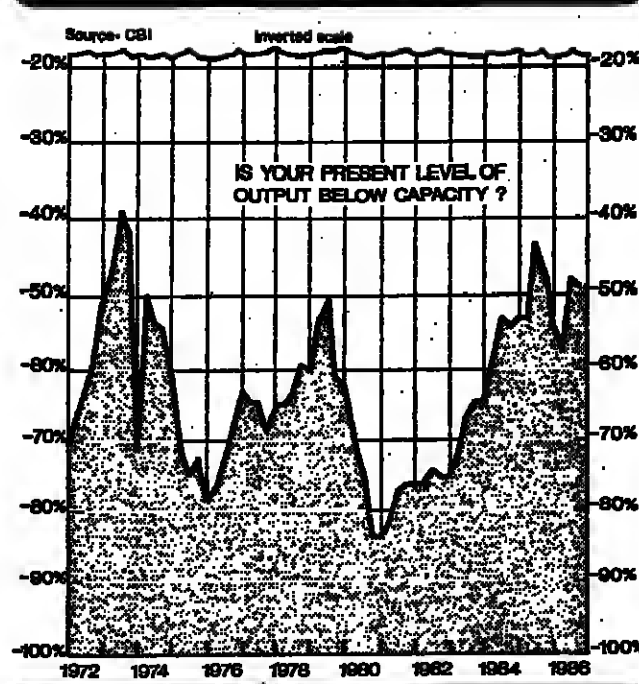
Sterling's slight improvement cannot be relied upon

night periods are chosen; but without a causal theory it is worthless.

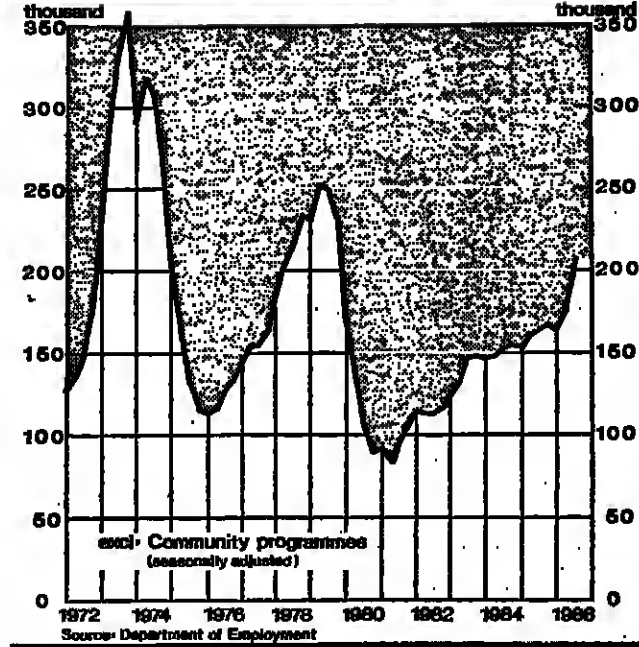
The comparison with German "central bank money" is highly misleading. The German banks, unlike the British, are forced to maintain substantial minimum reserves at the Bundesbank, and these reserves account for half of central bank money. Thus it operates as a sort of monetary base, which the Bundesbank can use for monetary control. Not even German central bank money has proved a bad indicator—like other such indicators world-wide—because of an unexpected fall in velocity.

The kind of money that counts in the UK is the sort of thing that people hold in banks and in their pockets. This is equally true whether we look at the M1 or M2 figures, because of a cushion of spending power, or look at the assets side and think of the injection of credit into the economy. The widest measure of liquidity has increased by 14 per cent in the last 12 months—not very different from the rate at which it

CAPACITY UTILISATION



REGISTERED VACANCIES



did that is thereby put on inflation. The lid is imposed quite directly by holding down prices of imports and import-competing domestic products.

Even more important, a known sterling parity will do more than anything else to dampen down wage increases by making clear that employers who award them will not be bailed out by devaluation—which is far from clear at present. Any beneficial effects on interest rates will come through the reduction of inflationary expectations and of the risk premium on sterling once creditability is established, which will be a gradual process.

There are some economists who put not so much emphasis on exchange rates as on the

ther increase in the £30,000 calling for mortgage interest relief, whatever the Prime Minister may demand, and that his top advisers will publicly stand with him.

But to come down (reluctantly) from the need for Cabinet Government to the indicators of domestic over-heating, the CBI Survey shows a healthy upturn in expected new orders, and in investment as well as consumption. Nothing wrong with that, if only industry could cope.

Consumer spending in the third quarter has risen by approximately 5 per cent over a year ago. The annualised increase over the second quarter—for what little that calculation is worth—is 6 per cent. Consumer spending is not inherently wicked. The CBI should not mean about consumption sucking in imports when its own report admits that the import content of manufacturing investment is just as high—in both cases 45 per cent. Consumer spending is significant mainly as a component of aggregate demand.

The trade figures are relevant here. They show that the £1.15bn current deficit (not annualised) incurred in the third quarter was due entirely to a deterioration in the non-oil balance. Exports of manufacturing "merchandise" was 3 per cent up on a year ago; but imports rose by 8 per cent with nearly all the increase in the third quarter itself. The CBI survey suggests that more export industries are in the pipeline but expects a £1.7bn current payments deficit next year because of rising imports.

The indicator which has impressed me most however is the sharp rise in vacancies (only a fraction of which are recorded). They are up 50 per cent on a year ago, and are twice their level in the 1981 recession, and not far short of the levels reached in the mid-1970s, when unemployment was 14m.

Again I wish the vacancy rise were a sign that employment was about to be mopped up by a growth of output at above trend rates. But I fear that it is more likely to signal wage inflation and import penetration.

The vacancy data should read in conjunction with the CBI's chart showing a level of capacity utilisation as high as at the 1979 peak and not much below the peak of the Barber boom. The main indicator to be set against the overheating diagnosis is not high interest rates, but an accelerating desire to run down stocks. The main hope on the balance of payments is that invisibles may be rising more than conventional forecasts expect as Morgan Grenfell argues.

I do not want to be hypocritical. Unlike the conventionally minded, I have never believed in the balance of payments constraint, which does not exist between Yorkshire and Lancashire, and which, when it appears in a particular country, is usually a symptom of some other malaise.

In a period of falling oil revenues, there is no harm in moderate net overseas borrowing on the scale foreseen by the CBI, or slightly higher, to finance the rebuilding of capacity; but the essential proviso is that the EMS or some other arrangement should put a floor under sterling. If this were there, fiscal policy could be used to maintain growth of Nominal GDP at the new rate which would then be appropriate inside the EMS. But without an exchange rate floor, with masses of subsidised credit and no meaningful monetary guidelines, I see mainly rising inflation ahead with perhaps a moderate short-lived fall in unemployment, which may or may not impress the voters.

The biggest illusion of all is that after the election—which is not due until 1988 and cannot honestly be held before the end of the year—the P.M.S. By then the underlying inflation rate will have risen—who knows whether to 5, 6, 7 per cent or more—and the pain and recession required for sterling to remain stable against the D-Mark will bear higher than today.

The Treasury view that underlying inflation will stay in the 3 to 4 per cent range is based on an under-estimate of the effects of sterling depreciation, which under the law of one price is not confined to imports but affects all traded goods and works through to pay and eventually to the non-traded sector.

The best measure of sterling's depreciation for the past year

The illusion of post-election EMS membership

is sterling's 25 per cent fall against the D-Mark (and I am deliberately disregarding the much higher fall from the 1985 peak). Even on the trade-weighted index the fall is 14 per cent. From now on the index will come into its own. And if a model-based estimate will make anyone happier, the Item Club claims that a further 5 per cent effective depreciation of sterling would raise UK prices by 1.3 per cent in the first year, 1.4 per cent in the second, and 1.3 per cent in the third, making 4 per cent in all. The Treasury's own simulation is very similar.

Domestic overheating is a possibility, but not the end of the world. But rising inflation, greater than any published official forecast if a floor is not put under sterling, is a near certainty. The CBI remarks: "The Chancellor will need to spell out his exchange rate policy very clearly if sterling and the economy are not to have a bumpy ride ahead." Where do you think the obstacle lies which prevents him doing so?

Tompkins revives Green Shield

"I've redecorated every room in the house and I'm sick of watching the telly," says Richard Tompkins, 68, at the age of 68 and after seven years' semi-retirement, he is setting out to recreate his Green Shield trading stamps business.

The engagingly funny Tompkins held on to the Green Shield name when ill-health forced him to sell his Argon showrooms for \$22m to BAT Industries in 1979. Inflation had then eaten into the stamps business. "Now I'm 60 per cent fit, and the conditions are right to bring back the stamps," he says.

Green Shield has continued to redeem the old stamps, mainly for charities, with cash from a fund which still stands at more than \$10m.

A survey three years ago showed that 93 per cent of High Street shoppers retained fond memories of the old stamps. And Tompkins reckons that the new stamps will be warmly welcomed. "Who else will give them a 2 per cent discount on a tin of sardines or a packet of aspirin?"

Garages could now be a popular outlet, he thinks. "Everybody in the country has got enough of their glasses, mugs and cutlery."

And the door is open to Tesco which dealt him a damaging blow by withdrawing his stamps in 1977. "I believe they are a little more civilised these days."

Voting call

A familiar voice will come over the telephone to one and a half million American homes over the next few days. "Hi," it will say, "this is Ronald Reagan..."

This year's mid-term election campaign is probably the most expensive, certainly the most expensive, congressional election in American history. The money is changing the way campaigns are conducted, and it is the richly-funded Republican Party that is making the running.

Reagan, of course, will not be sitting in the White House making those calls. His will be

Men and Matters

The other issue which has raised French eyebrows has been Washington's attitude to the CGT affair. The French government is to choose an international partner for CGT, the country's second largest, but troubled, telecommunications manufacturer, opening up 16 per cent of the French public telephone exchange market.

Washington and AF & T have been waiting for nearly two years for the green light from Paris for a deal which seemed certain to favour the big American company.

But lately Siemens of West Germany, in particular, and Ericsson of Sweden have emerged as serious contenders.

Washington has brought out its biggest and clumsiest gun in a bid to secure the deal. Joe Rodgers, the American ambassador, has been lobbying ferociously in Paris. Malcolm Baldrige, US commerce secretary, and Clayton Yeutter, the trade representative, have joined in the fray. Now one of Yeutter's aides, Alan Woods, is reportedly on his way to Paris.

Employees, many of them hard core Democrats, are making perhaps as many as 11m telephone calls during this year's campaign, urging Americans to turn out and vote Republican, just as they might encourage them to take out a loan for a car or buy a new magazine.

French lessons

The French are wryly wondering what has happened to the legendary Anglo-Saxon pliegm after what are regarded in Paris as unimpressive presidential elections. They are reacting in Britain and the US to two big "affaires" of the moment.

First there has been surprise over the apparent near-parity in London about the funding of the Channel Tunnel. The British side, says one French banker laconically "shot themselves in the foot" by setting two dead-

The Americans have hinted, too, that if AT & T fails to clinch the deal, they may have to re-examine their decision to buy RITA, the French mobile radio system, which the US army chose instead of the British system built by Elicsson.

"It's quite ridiculous to use such threats," said one high-ranking French official. "It is unlikely to influence the government. It is more likely to put their backs up. All the lobbying in the world is unlikely to speed up what is a difficult political and industrial decision."

History making

By chance, but appropriately, the Institute of Contemporary British History will hold its inaugural function at Nuffield College, Oxford, tomorrow, with the Commons debate on the Westland legacy still fresh in the mind.

The co-directors of the new Institute—Peter Hennessy and Anthony Seldon—believe that contemporary history has been ignored, or commandeered by political or ideological partisans.

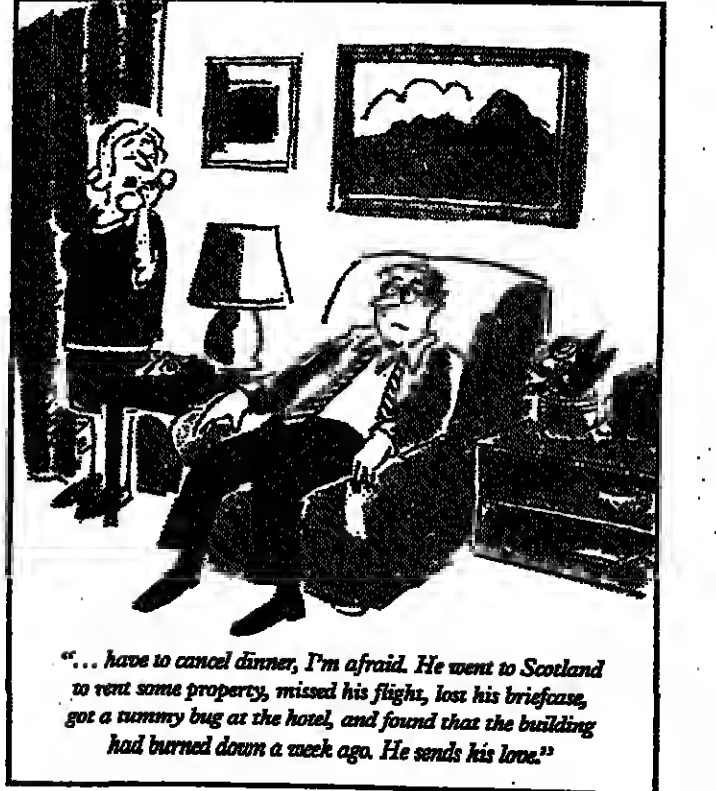
"There is an untapped market for good, accurate contemporary history in Britain for top decision-takers in government, the private and public sectors," says Hennessy. "Anybody acting now to influence the future needs to have a pretty deep understanding of what has gone in the past."

Guided by an eminent group of trustees and advisers, the Institute will analyse post war political events like the Falklands, Suez, and Westland. It hopes, corporate sponsorship permitting, to undertake projects on business lobbying, technical and vocational education, and conduct interviews with top decision-takers to build up an oral archive which will complement and supplement official papers as they are released under the Thirty Year Rule.

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US MID-TERM ELECTIONS

A crucial test for Reagan

By Stewart Fleming in Washington



President Reagan, campaigning for Senator Robert Kasten (left) in Wisconsin last week.

JUDGING FROM President Ronald Reagan's unrelenting travel schedule for the past two months, it would be easy to conclude that the seemingly indefatigable 75-year-old is campaigning for re-election.

Cris-crossing the country, Mr Reagan has exploited every ounce of his unrivalled popularity to pull in the votes for hard-pressed Republican candidates in next Tuesday's mid-term elections.

"This is my last campaign," he says to the thousands of Republican faithful who turn out to pay their respects to a man who is barred by the Constitution from seeking a third term in office.

"If you would like to vote for me one last time you can do it."

In voting for Republican Senate candidates, he says, the electorate can strike a blow against the "liberals" who in 1980 left him "to clean up a mess like this country hadn't seen in years."

Both the folksy appeal to the voters lies a gamble. In bid to boost his party's chances in next week's mid-term elections, and in particular to try to retain Republican control of the Senate, Mr Reagan is trying to put himself and his political philosophy on the ballot in spirit, if not in name.

In doing so, he is also putting his political prestige on the line. For, when American voters go to the polls next week to elect one-third of the Senate, all 435 members of the House of Representatives and the legislature in 46 states, they could be voting in elections which mark a turning point in US political history.

"It may be in the middle of an historic political realignment," says Dr Norman Ornstein, a political scientist with the American Enterprise Institute. "1986 may have a profound effect on the outcome of the long-term struggle" between the two parties.

The resources that both parties are throwing into the races underscore the point: there has never been a more expensive mid-term election campaign. Up to last month the Republicans had raised \$178m at national level, the Democrats \$53m.

In the Senate, where 34 seats are at stake, has become the main focus of contention in part because of the threat that Mr Reagan's Republicans may lose their slim 53-47 majority.

Reagan's Republicans have a formidable \$170bn US trade deficit, and his appointments to the federal courts.

There is precious little evidence, however, that voters around the country share Washington's sense that the choices they will make could help to shape the political landscape.

Instead, many of the campaigns have degenerated into mean-spirited, parochial conflicts.

In Maryland, following the retirement of the reformed Liberal Republican Sen Charles Mathias, his prospective Republican successor, Ms Linda Chavez, one of a growing number of women standing for office, has shocked the local Republican Party by slinging sexual slurs at her unmarried Democratic challenger, Ms

Barbara Mikulski. In Louisiana Rep Benson Moore has been seeking victory over Rep John Breaux, his Democratic challenger for a vacant Senate seat, by playing up his opponent's links to the colourful, twice-indicted, twice-acquitted state governor, Edwin Edwards.

As for the Republicans' prospects, history is not on their side. The party controlling the White House has traditionally taken a beating in elections six years into an administration's term. Moreover of the 94 Senate seats on the line, 23 are held by Republicans, 15 of whom are freshmen helped into office by Mr Reagan's sweeping victory in 1980.



Republican strategists point out that history is an inaccurate guide since major setbacks in the recent past have generally taken place against the background of political turmoil (Vietnam and racial clashes in 1968, Watergate in 1974), or recession (1982).

Nor did the parties which took the drubbing in those years have a President as popular as Ronald Reagan or the financial resources to try to tip the balance in up to a dozen races which are generally judged to be too close to call.

This argument, however, is not much comfort to the half-dozen class of 1980 conservative Republican senators who find themselves on one of the recognised frontlines of this year's campaign—the farm belt. In the worst agricultural recession since the 1930s, the Democrats have targeted farm states in the hope of clawing back some of their 1980 Senate losses and perhaps even weakening the Republican Party's long-term grip on one of its strongholds.

Such has been Mr Reagan's concern about the farm belt that he has journeyed to the Mid-West ceaselessly. The advocate of balanced budgets and small government, he has shamelessly boasted about the volume of federal money which has been poured into the farmers' pockets since he took control of the White House.

The other recognised frontline in the election is the South, a region with distinctive political traditions and dominated by the Democrats since the Civil War. "In 1984, there was a significant trend to the South," says Mr Kirk O'Donnell, Mr Reagan's begun a solid week of campaigning which took him through Georgia, Alabama and North Carolina on Tuesday and will involve stopovers in Indiana, South Dakota, Colorado, Nevada, Washington, Idaho and, on Sunday his home state of California.

He knows that should his party be perceived to suffer a defeat in Florida, Texas, Louisiana, Alabama and Georgia are of special concern to Mr Reagan. Indeed, both parties will be watching the returns right down to the county courthouse level to see whether even more of those once loyal white Democrats who now vote Republican in Presidential and Congressional elections will do likewise in state and local contests.

In 1984, 71 per cent of southern voters cast their ballots for Mr Reagan, and now opinion polls show a majority of whites identifying themselves as Republicans. These are worrying signs for the Democratic Party and for those who fear political polarisation on racial lines in the South.

Many political analysts, and not only political partisans such as Mr O'Donnell, doubt that a major re-alignment of political loyalties from one party to another is indeed underway even in the South.

Mr Rick Allen, the political editor of the Atlanta Constitution, maintains that Southern voters, with their long-standing belief in the role of government in promoting economic and social development, still have an instinctive attachment to the Democratic Party. On this view it will take much more than the eight years of the Reagan Administration's tenure in Washington to break the tradition.

Out on the campaign trail, however, it is hard to believe that far-reaching changes in the way Americans think about the political party they identify are about to surface. Neither party has successfully injected into the campaign its favoured national theme.

"I have never seen so much spathy out there," says Mr Edward Rollins, who masterminded Mr Reagan's 49-state sweep back into the presidency in 1984.

These are difficult conditions for two parties desperate to avoid losing the advantage next week.

Should Mr Reagan and the Republicans retain control of the House seats they won in 1984, the political momentum would remain firmly with the president.

But across the country public opinion polls are showing that in many of the key races Democrats, who were trailing their Republican adversaries, have narrowed the gap in recent weeks.

Mr Reagan has begun a solid week of campaigning which took him through Georgia, Alabama and North Carolina on Tuesday and will involve stopovers in Indiana, South Dakota, Colorado, Nevada, Washington, Idaho and, on Sunday his home state of California.

Lombard The great profits conspiracy

By Michael Prowse

ALMOST EVERYBODY in the financial world—from mighty finance directors to humble purchasers—seems happy to participate in a giant conspiracy. This is to pretend that the profit figures reported by companies have some clear meaning. Analysts, admittedly, do not accept reported figures at face value. They make all kinds of technical adjustments; for example, they quibble about depreciation charges and challenge the treatment of extraordinary and exceptional items. But, by and large, they raise few philosophical doubts about the principles behind the calculation of profits. Conservative to a man, they tend to oppose innovations in accounting theory.

This is all very curious. In principle, everybody ought to accept the way companies calculate profitability—at least for external consumption—is intellectually indefensible. After all, with a few random exceptions, companies persist in valuing assets for balance sheet purposes at their historical purchase prices. The finance director's motto, so far as the annual report is concerned, is that the value or cost of something is what you paid for it. Balance sheets are thus filled with lists of truly meaningless figures—the purchase cost of things acquired over decades. The odd "revaluation" of commercial property, or whatever, only adds to the overall incoherence.

The truth is that the accountancy profession is still unwilling to grapple with the most elementary lessons of economics. After all, about the first thing an economics student is taught is that the cost of something is not what you paid for it but its value in its most profitable alternative use. What something is worth, in short, is determined by present and future economic opportunities, not by historical facts.

Economic "opportunity" costs are naturally difficult to estimate; but the difficulty does not excuse accountants' habit of plumping for valuations they know are wrong. Nobody who has not put his house on the market can say with certainty what it is worth; but everybody could make a more reasonable estimate than

the purchase price of, say, five years ago. The profit a company makes equals the change in the value of its assets over a period. Thus if asset valuations are incoherent, so are reported profit figures. All this, note, has little, per se, to do with inflation, which measures the rise in the general price index. Historical-cost accounts would be wrong even if inflation were to fall to zero and stay there till the year 2000. If a stab is to be made at measuring economic costs, accounts will have to reflect the current costs of specific assets. These vary all the time in every industry.

To be fair, the Accounting Standards Committee and bodies such as the Byatt Committee are still trying to educate finance directors. However, the ASC's recent handbook on the inadequacy of historical-cost accounts is marred by statements to the effect that traditional accounting is inappropriate only where companies are "materially" affected by changing prices. Can somebody please point to an economic sector where prices are frozen or to a company whose business is not materially affected by changing prices?

Accountants complain that non-historical asset valuations are unacceptably subjective. So they prefer to remain objective but less than relevant. If (which seems doubtful) it is really impossible to measure economic costs, it would be better to opt for ignorance and dispense with profit figures altogether. Indeed, some maverick accountants do suggest a wholesale shift to "cash flow" accounting. Cash flows are measurable and do mean something; they are what in practice motivates many, if not most, business decisions.

Honest information about cash flows could, of course, be supplemented by appendices containing long lists of the purchase prices of assets (useful for stewardship purposes), so long as they were not used as the basis for bogus estimates of profitability. Why will people not admit the artificiality of profit figures and the depth of ignorance about companies' real economic performance?

*Accounting for economic costs and changing prices. IASB, IASB. †Accounting for the effects of changing prices. ASC, Mortgage Plans, ECZ.

SE members' interests

From Mr P. Willis Sir—As chairman of the membership committee of the Stock Exchange, I cannot let some of the points in Mr Marsden's letter (October 25) go unchallenged. For he seems to be suggesting that the council, in making its recommendations for reforming the constitution, is not taking the interests of members into account.

So far as the "interests of members" are concerned, Mr Marsden should appreciate that individual members are but a part of my committee's remit at the moment, and in the near future they will in fact become a minority group. We have 5,281 individual members, but we also now have 244 corporate members, 111 external members and 547 registered directors. In the near future we will be responsible for every person who seeks approval under the Financial Services Act to work in a member firm, including registered representatives and registered traders. Already 4,500 applications have been received.

Of all these groups, only the members have votes, though in the great majority of cases their firms have paid their entrance fees and subscriptions. Though the council represents the interests of individual members, it must reconcile them with the interests of the many other people and firms who accept the council's regulation and discipline, many of whom contribute as much, and very often more, to the standards and reputation and prosperity of the Stock Exchange.

We must also recognise that most of the firms who have entered the Stock Exchange in the last year owe duties to other organisations and other people as well. Above all, they owe duties to their shareholders, and we would be unwise to rely on them to continue to bear the major part of the financing of the undertaking if they have no say in the way it is run, and if the assets they are paying for end up belonging to individual members. As has been made abundantly clear, they have the option of setting up their own organisation, whether here or abroad, which they can control, and they may indeed have a duty to their owners to do so.

My committee must continually bear this in mind when balancing the interests of the various groups for which it has responsibility.

But the council not only has to serve the interests of a wide variety of groups, it also has to identify the interests of individual members, and those interests vary widely. Those of a member who has served for many years and who is about

Letters to the Editor

to retire are vastly different from those of the young people who are just setting out on a career in the most exciting financial centre in the world today. It would be sad if we left them saddled with an archaic constitution which prevented them taking full part in the opportunities which are presented.

If therefore, the council considers that the prime interest of this wide variety of individuals is to release them from the burdens of both supporting a corporation and for which they have unlimited liability, and where the liabilities are potentially huge, and of financing the future developments essential if the Stock Exchange is to become a world market, and that the price of this release is the surrender of their votes, then that is a judgment which the council is entitled, indeed is obliged, to make. Indeed, if the council is to be fair to members for their consideration, if, in addition, the worth of the votes that are to be lost is vastly reduced by the impact of the new legislation which will shortly come into force, whereby the powers of the council are to be much curtailed, then the argument becomes even more compelling.

Sadly, I fear that these considerations are not persuasive to Mr Marsden and a number of other members. It is money in the pocket, which somebody else has a duty to provide, and not the future of this great organisation, which counts. I fear I cannot agree with him.

P. G. B. Willis, Sheppard's Moneybrokers, 20, Gresham St, EC2.

Smaller Scotch bottles

From Mr E. Penning-Rowell Sir,—In reply to Dr McGeehan's letter (October 23) the main purpose of my reply to Mrs Haag was to rebut the idea that 70cl bottles for table wine had been introduced recently and "slily" by the wine trade. The reason why the traditional wine merchants had to follow the supermarket and off-licence chains was one of competition. It became quite clear that most people preferred to pay less for less wine, although on a £3 bottle of table

wine for the 75cl bottle the difference was no more than 15p. The date, however, for the compulsory return to 75cl bottles is now fixed at January 1, 1988.

Mrs Haag and Dr McGeehan may well share my irritation that in a few years' time Scotch whisky will be compulsorily bottled in 70cl bottles no doubt to bring them into line with French brandies, or leader writers on the Financial Times fall into as many conventional fallacies as they did when writing about the new financial targets for British Rail (October 23).

Subsidising because others subsidise is the hoariest fallacy of the lobbyist's armoury, containing absolutely no logic at all; a high subsidy in another country for some activity may be met by no subsidy, or a subsidy in real-world conditions. But the economic logic points to reducing subsidy, not increasing it. Logic also points to the use of direct charges for the use of congested roads rather than the expansion. Motorists pay several times the average cost of the road system, but not the costs of the congested urban system. Perhaps modern electronics can make road pricing a reality.

David Savers, 10 Seaview Avenue, Littlehampton, Sussex.

Crossing the Channel

From Mr M. Shenfield Sir—As a consultant advising one of the "also rans" in the Channel tunnel race last year, it was very evident that a drive-through solution (whether tunnel or bridge) was preferred by the potential users of a Cross-Channel fixed link. Could it be that UK fund managers travel to the Continent by car for their holidays and realise through personal experience that the Eurotunnel scheme could meet consumer resistance?

Thus the reticence of British institutions in subscribing to the inter-Channel share placing by Eurotunnel may not reflect their views of long-term investments per se, but is rather a personal (thus potential consumer) view of the scheme itself. Obviously fund managers in France, who would never contemplate holidays to the UK and in Japan, would be judging the scheme as a concept and not a practicality for their own use.

Martin Shenfield, Travers Morgan Planning, 186 Long Acre WC2.

transport reduces road congestion, and the savings in travelling time and costs produce a positive return. But if time is introduced, simple calculations cannot be made, and the balance of argument becomes entirely different. A subsidy to commuter travel to London can then be seen to be an encouragement for employment in London, and for long-distance commuting to London. Lowering the cost of travel to London reduces the pay that needs to be offered to attract workers to jobs within the area, and encourages these workers to live further away than they would otherwise do. It is not obvious that these results are socially beneficial. Regional policy has less to do with the balance of argument than it is generally held to be. It is lowest in London, making that city the least deserving recipient of government subsidies for employment—which is why the subsidies for commuting are. Whether any subsidy for suburban railways is justifiable cannot easily be established, given the difficulty of calculating the return to a subsidy in real-world conditions. But the economic logic points to reducing subsidy, not increasing it. Logic also points to the use of direct charges for the use of congested roads rather than the expansion. Motorists pay several times the average cost of the road system, but not the costs of the congested urban system. Perhaps modern electronics can make road pricing a reality.

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ROBERT HALF



Mr James F. McDonald (left) president of Gould, takes on the additional post of chairman, filling the vacancy left by the retirement in August of Mr William T. Yivisker (right)

Gould elects a chairman

BY OUR FINANCIAL STAFF

Gould, the Illinois company that has changed from being a battery maker into being a high technology concern, has appointed its president, Mr James F. McDonald, to the additional post of chairman.

Gould has also appointed a Xerox Corporation vice chairman, Mr William T. Yivisker, to its board, expanding the number on it to 14.

Mr McDonald, 46, fills a vacancy created by the retire-

ment of Mr William T. Yivisker on August 29.

MR WILLIAM T. YIVISKER has been named assistant treasurer of capital markets for GTE. He is also to serve as vice president and treasurer of GTE International and as president of GTE Finance Corporation.

Mr Yivisker will be responsible for structuring and implementing all of GTE's external financing throughout the US and international capital markets,

and for financial services related to GTE's capital market activities.

He has served as assistant controller of budgets, plans and analysis for GTE since 1984.

MGM/UA Communications Company has appointed Stephen Silbert to the vacant posts of president and chief operating officer.

Mr Silbert has been a director of the company since September

Change at top of Mattel

By David Blackwell in New York

MR ARTHUR SPEAR, chairman of Mattel, is to retire from the toy company at the end of December after 22 years.

At its next meeting, on November 6, the company will create a three-man executive committee comprising Mr Tom Kalinske, president; Mr John Amerman, president of the international division; and Mr Ray Ferris, chief financial officer and executive vice president. The company's executives will report to this committee.

Mr Spear, 68, said that he had planned to retire a few years ago, but had agreed to stay to oversee the financial restructuring of the company which was formed in 1984. The restructuring, under which the group reverted to its core toy business, came as the company was incurring heavy losses after diversifying into consumer electronics.

Mr Spear says he is satisfied that the restructuring and new operating strategies are firmly in place, and was satisfied with the company's position.

In the second quarter this year, the group reported an 89 per cent decline in net earnings to \$2.1m, or 1 cent a share on sales of 243.2m.

Texas Oil and Gas man resigns as USX director

USX CORPORATION (formerly US Steel) has announced the resignation of Mr William L. Hutchison, 58, as a director, in order for him to devote full time to personal affairs, reports Houston from New York.

Mr Hutchison was chairman of Texas Oil and Gas Corporation when it was acquired by USX last year.

A USX proxy statement has listed Mr Hutchison as owner

of 801,980 shares. USX has been studying re-structuring moves and also faces a potential takeover threat from Mr Carl Icahn, the financier, who owns about 11 per cent of the stock.

Mr Hutchison, says his move is "totally unrelated to the affairs of the company."

He is not retiring from business, and plans to remain active in the oil and gas field.

Board move at IBM

INTERNATIONAL BUSINESS MACHINES CORPORATION has announced that Mr Allen J. Krowe, a senior vice-president, has been elected to IBM's board of directors, and that Mr George H. Conrades has been appointed senior vice-president. The company says that Mr

Krowe, who was formerly IBM's chief financial officer, was re-assigned on October 17 to be corporate executive responsible for the information systems and communications group, ISCG, the information systems and products group, ISPG, and Rolm Corporation.

Wartsila sets up succession

BY OLLI VIRTANEN IN HELSINKI

MR TANKMAR HORN, chief executive officer of Wartsila, the Finnish shipbuilding group, is to retire at the end of this year. He will be succeeded by Mr Tor Stalpe, Wartsila's president and chief operating officer. Mr Horn

will continue as chairman of the group's board of directors.

Mr Horn joined Wartsila in 1989 and has been one of the key figures in developing Finland's business connections with the Soviet Union.

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management reporting and although sophisticated information systems exist, there is scope for further improvement. The further development of information systems will be allied to a general strengthening of corporate planning, and the Financial Director will be expected to provide the drive and expertise necessary to achieve this.

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This is an unusual and interesting career opportunity involving the provision of financial advice to a successful family group with substantial capital investments both in the UK and overseas.

The work will be widely varied and will include the investigation of possible investment opportunities, assisting in funding negotiations and performing a co-ordinating role between the family and the companies in which they have invested.

The successful candidate is likely to be a Chartered Accountant aged around 40 with experience of corporate financing and a working knowledge of company and personal taxation. Familiarity with property developments is a prime requirement.

Please send concise details, including current salary and daytime telephone number, quoting reference N2003 to A Moynan, Executive Selection Division.

Grant Thornton
Management Consultants

Fairfax House, Fulwood Place, London WC1V 6DW.

Hoggett Bowers

Executive Search and Selection Consultants

BIRMINGHAM, BRISTOL, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Finance Director

North West **c£80,000, Car**

This high profile position is with an autonomous £50 million turnover subsidiary of a major public group. The vacancy arises through promotion of the present Director into an operational role. To succeed him we require a first class qualified accountant, aged 35-45, with a solid systems base in multi-process, multi-product manufacturing industry. The company operates from six locations distributing its 15,000+ products from a central warehouse, therefore a good appreciation of the service environment is essential. However, it is the commercial flair and strength of personality of the applicant which will secure this appointment and only those who can demonstrate real business awareness and who are accustomed to participating in policy-making and decision-taking will be considered. Pragmatism, communication skills, and a sense of humour are apt describing words for an appointment aimed at enhancing accounting standards and contributing to the general management of an already successful business.

R. D. Howgate, Hoggett Bowers plc, St. John's Court, 78 Cartside Street, MANCHESTER, M3 3EL. 061-522 3800. Ref: 27450/FT.

Financial Controller

Essex/Herts Border **c£20,000, Bonus, Quality Car**

This is the senior finance position in a £10m turnover subsidiary of a successful British plc and therefore full participation in the business planning and control processes and exposure to group senior management, is assured. However, the size of the company also demands a willingness to get involved in detailed accounting and operational issues. The company manufactures and markets resins and resin-impregnated products for a wide variety of applications. Reporting to the Managing Director, the person appointed will have full responsibility for financial and management accounting and company secretarial duties. Early priorities will be an overhaul of the manufacturing costing methods and enhancement of the computerised accounting system. Candidates aged 30-40 must be qualified accountants of proven technical and managerial ability, who have controlled a significant accounting function in manufacturing industry. Future prospects include a directorship or progression within the group.

S. P. Spindler, Hoggett Bowers plc, 36 High Street, Eton, WINDSOR, SLA 6SD. 0753 826051. Ref: 24065/FT.

Management Accountant

Financial Services, City **To £20,000**

This market leader in reinsurance broking is part of a major international financial services group. Further growth demands the strengthening of its financial team and hence this strategic appointment. Reporting at a senior level and heading a department of 8, this position will control both management and financial accounts, budgeting, assist in systems implementation and liaise closely with overseas offices. Applicants, aged 23-30, will ideally be qualified ACA/ACCA/ACMA (although exceptional finalists will also be considered) and have gained management accounts experience within a large financial organisation. Good communication skills are essential.

I. L. Duff, Hoggett Bowers plc, 1/2 Hanover Street, LONDON, W1R 9WB, 01-734 6852. Ref: 18134/FT.

These positions are open to male or female candidates. Please telephone for a Personal History Form to the relevant office, quoting the appropriate reference.

Examinations Training Manager

CHARTERED ACCOUNTANCY

£22,000 + Car
London

The graduates who join Arthur Andersen & Co. embark on three of the toughest, most challenging, potentially most rewarding years of their lives. They learn a lot about business, a lot about management and a lot about themselves. None of that, however, will allow them to become Chartered Accountants unless they pass the examinations. The firm is deeply committed to training and tutoring their student accountants and their aim is to achieve a 100% pass rate. The role of the Examinations Training Manager is an integral part of this. It is a role for a young but mature Chartered Accountant or experienced private sector accountancy tutor. It is a role offering freedom and responsibility in planning and implementing the best possible professional examination training for over 300 students. It is a visible managerial role in one of the world's major accountancy practices, demanding a high level of intellect, energy and application. It is a role which offers the opportunity to make a career move into the increasingly vital and dynamic area of professional practice management. Success will be rewarded by rapid salary progression and increased managerial responsibility within the personal function. Applications in the form of a detailed curriculum vitae which will be treated in the strictest confidence, should be sent to: Mrs. Elizabeth Vela, Arthur Andersen & Co., 1 Sunney Street, London WC2R 2PS. This post is open to men and women.

ARTHUR ANDERSEN & CO
Chartered Accountants

ACCOUNTANTS—achieve results at the national level

Accountants in the Civil Service are given the scope and the responsibility to be effective. Experienced and talented professionals can now match their abilities to the following vacancies.

Department of Trade and Industry — HEAD OF AUDIT SECTION

Responsible for independent reviews of management systems within the DTI, you will head the audit section dealing with nationalised industries and supporting innovative businesses. Modern internal audit management experience is essential.

You can discuss this London-based post with Mr. W. Matthews, tel: 01-235 3296.

Royal Botanic Gardens — FINANCIAL CONTROLLER

The Royal Botanic Gardens at Kew form one of our most valuable national resources: a comprehensive collection of living plants draws many thousands of visitors from the international academic community and the general public every year.

We are now looking for a commercial accountant to take control of our modern and sophisticated financial management system with an operation budget of £1m. Swiftly developing a detailed knowledge of management policy, you will identify and implement improvements to systems and financial controls. You must have at least two years' post-qualification experience, a sound background in computerised accountancy techniques and the ability to present financial data coherently to managerial colleagues.

You can discuss this post with Mr. M. King, tel: 01-940 1711 ext 4158.

You must possess a professional qualification (CACA, ICA, ICMA or CIPFA) and demonstrable professional experience of at least five years.

Salary at Grade 7 £15,615 - £19,465, in addition, the DTI post attracts C165 London Weighting and the position at Kew £240. Starting salary according to qualifications and experience. Promotion prospects.

RELOCATION ASSISTANCE IS AVAILABLE.

For further details and an application form (to be returned by 21 November 1986) write to Civil Service Commission, Alison Link, Basingstoke, Hants RG21 1JB, or telephone Basingstoke (0256) 468251 (answering service operates outside office hours). Please quote ref: G(S)886.

The Civil is an equal opportunity employer.

FINANCIAL DIRECTOR

Northamptonshire **c£25,000 pa + car**

A very successful young, briskly run company with a fresh management style seeks its first Financial Director. A national garage equipment service company, leader and specialist in its field, it is growing at 20% per annum.

With a small but capable staff the Financial Director will contribute greatly to the commercial success of the Company with emphasis on further computerisation, development of new business areas and clearly with 20% further — cash management.

The successful candidate will be a Qualified Accountant, probably aged 30 to 40, with industrial experience. He/she will be a live wire with great mental dexterity, commercial awareness and commitment to the success and continued growth of the Company.

The rewards will be those necessary to attract the best possible candidate. As an indicator it is envisaged that the salary will be in the region of £25,000 per annum with a company car but this need be no bar to application.

Interested candidates should reply in writing with career details to date and current remuneration to Nicholas C Jenkins, quoting reference FT1003 at:

QMS Recruitment
Quorn House, 6 Princess Road West
Leicester LE1 6TP

Chief Accountant

up to £20,000 plus car

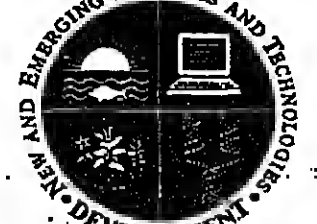
Our client, a well established overseas group, has recently acquired an expanding chemical manufacturing company in South London and require an energetic accountant.

As Chief Accountant you will be responsible for the company's financial function and will have had experience in financial reporting systems. You will be required to develop a costing and management information system and will be reporting to the board on all financial matters.

An accounting qualification is an advantage and the preferred age range is 30-35 years. Career prospects are excellent.

For further details please write or telephone in strict confidence, quoting reference RWP/FT.

SAYERS BUTTERWORTH
18 Bentinck Street
London W1Y 5RL
Tel: 01-935 8504



Recruitment of Senior Finance Officer

THE BCCI INTERNATIONAL FOUNDATION FOR THE PROMOTION OF NEST

The BCCI International Foundation constituted for the promotion of New & Emerging Sciences and Technologies (NEST) in the developing countries of Africa, Asia and Latin America, hereby invites applications from qualified candidates for the post of a Senior Finance Officer to work in the London office of the Foundation. The duties to be performed and the qualifications required are:

DUTIES: The selected candidate will be required to manage the finances of the Foundation and also to undertake the responsibility of general administration of the office of the Foundation in London.

QUALIFICATIONS: (i) Applicant should be a Fellow or an Associate of the Institute of Chartered Accountants of UK. (ii) Preference will be given to the applicant who in addition to the above, also holds a Bachelors or post graduate degree from a reputable university in a developed country in any of the following principal subjects: (a) Development Economics or (b) Business Administration or (c) Commerce.

EXPERIENCE: At least 5 years practical experience in a responsible position dealing with financial and administrative matters in a reputable organisation, of which at least 2 years should have been spent in an establishment in a developing country of Africa, Asia or Latin America.

AGE: 30 to 40 years.

REFERENCES: Applicant should supply the names and addresses of at least 3 referees, one of whom should be the last or current employer.

SALARY AND OTHER BENEFITS: Commensurate with qualifications and experience of the successful candidate.

INTERVIEWS: After applications have been examined and screened, suitably qualified candidates will be interviewed by the Secretary General of the Foundation in London. Candidates found attempting to secure support for their applications will be automatically disqualified.

APPLICATIONS: (i) Only those applicants who have unrestricted stay in the United Kingdom need apply. (ii) Applications should be accompanied by a detailed Curriculum Vitae including the minimum acceptable salary and should be marked "FO NEST" and sent not later than 17th November 1986 to:

Secretary General
The BCCI International Foundation
for the promotion of
NEST
(London Office) 31, Bury Street, London EC3 3AD

MANAGEMENT ACCOUNTANTS

Northern Home Counties/ North of England **£18,000 — £25,000 + Car + SHARE OPTIONS**

Our client, a broadly based and rapidly expanding industrial conglomerate, seeks two exceptionally able accountants aged 26-32 to work closely with the Group Finance Director on a wide variety of activities. These will include the integration of newly acquired companies into group reporting requirements, investigations, profitability studies, acquisition studies and financial analysis.

Candidates should be articulate, numerate, self-motivated and ambitious, with the presence and personality to work effectively with all levels of management. A commitment to considerable travel within the U.K. is an essential feature of both positions but appointment to a senior line post is likely within 18 months.

Please write to D.E. SHRIBMAN as advisor to the company stating how you meet the requirements and enclosing a curriculum vitae, details of current earnings and a daytime telephone number.

HUDSON SHRIBMAN
THE COMPLETE FINANCIAL SELECTION SERVICE
Vernon House, Sicilian Avenue, London WC1A 2QH. Tel: 01-831 2323

Financial Director

c£20,000, profit share + car

NW Kent

Responsible for all financial functions of three building companies with a combined protected turnover of £5M, my client is enjoying a planned period of growth and development. Areas of involvement will include Project Finance, Management Accounts and Company Secretarial duties. Responsible for a small team of clerical staff, you will oversee all computerised accounts including credit control.

Aged up to 40 and minimum ACA/ACCA qualified, ideally your experience as an Accountant will have been gained in the building industry. You should have a well developed sense of commercial awareness and be able to work as part of the management team. A flexible approach with the ability to grow with the company is essential.

If you feel this position offers you a challenge, then write with full CV to: Alison Webster, PER, Suite 5B, 71-75 High Street, Chislehurst, Kent BR7 5AG.

PER Management Selection

Minds of the Highest Calibre

In the recently expanded INTERNATIONAL FINANCIAL INSTITUTIONS GROUP of Spicer and Pegler Associates, we have vacancies for minds of the highest calibre. Experienced consultants, in their late 20's, with perhaps two or more years' experience of operating top level assignments would join us as Associates.

More junior consultants, with around one year's top management consultancy experience, will have un-paralleled opportunities to grow with this entrepreneurial practice, working on an extremely wide range of assignments throughout the world. Examples include:

- Domestic/international strategy and organisation
- Top management structure and present market issues
- Treasury, funding and capital markets issues
- Delivery channel strategy and design
- Asset/liability management policies and procedures
- IT strategy and systems design

Our reward structure will beat any world class consultancy for outstanding talents. One or two vacancies can also be created for truly outstanding people to join our existing entrepreneurial leadership. Please see opposite and yesterday's Financial Times for more details.

Alternatively forward a comprehensive CV to Peter Willingham quoting reference: LM24A at Spicer and Pegler Associates, Executive Selection, Friary Court, 65 Crutched Friars, London EC3N 2NE

Spicer and Pegler Associates
Management Services

Internal Audit

An expanding international bank in the City is seeking an experienced internal auditor to strengthen an established team.

Candidates, preferably in their mid-twenties, should have obtained a good general education to which an audit qualification or A.I.B. will have been added. They should also possess good international banking and auditing experience.

In addition to the competitive salary that will be offered the excellent benefits package includes cheap rate mortgage facilities, a non-contributory pension scheme and a performance-related profit-sharing bonus which could substantially increase remuneration.

Applications will be treated in strict confidence. Please write with full curriculum vitae to Mr E. Cotter.

GSP
Golley Slater and Partners Limited
42 Drury Lane, London WC2B 5RN

Top Management Consultants

Spicer and Pegler Associates provides management consulting services to the boards and top management of financial institutions across the world. Recently, we have extended our capabilities by acquiring a leading team of consultants active in this area. We provide a full range of consulting services, spanning board level issues through to detailed implementation.

We now wish to complement the combined team with additional experienced consultancy resources of the highest calibre to consolidate our pre-eminent position.

Most successful candidates will be based in London. Through our international network of Spicer & Oppenheim offices, opportunities to be based in countries around the world will arise very soon.

Further details of our exacting requirements are given opposite, and in more detail, in yesterday's Financial Times.

Spicer and Pegler Associates
Management Services

Finance director

Leicestershire, up to £25,000 + car

C&L
Our client is internationally respected as an innovative manufacturer of advanced high technology production equipment and associated machine tools for specialist markets. Current turnover of £5 million plus will be substantially increased next year. This new appointment is part of a determination to ensure that the business is controlled and regulated during the challenging times ahead leading to an eventual flotation.
Your prime early responsibility will be to see that financial control mechanisms are established and that there is an associated rapid development of MIS. Whilst you will obviously be involved in the development of strategic planning and progressively in wider commercial management, the size of the company clearly indicates that the role will also have a heavy emphasis on day to day financial management.
A qualified accountant and probably aged in your late 30s, it would be advantageous if you have experience with a manufacturer of high technology capital equipment. You must have proved that you can manage an evolving finance function based on strengths in systems development and strong interpersonal skills. The ability to make an immediate impact and wide business contribution in the boardroom is essential.
Résumés please, including a daytime telephone number, to David Owens, Ref. D204.

Coopers & Lybrand
Executive Selection

Coopers and Lybrand
Executive Selection Limited
22a The Ropewalk
Nottingham NG1 5DT

OSBORNE & LITTLE plc

FINANCIAL CONTROLLER

London, SW12 £17,000 + car + benefits

We are a rapidly-expanding, USM-quoted Company involved in wallpapers and furnishing fabrics. We are seeking a qualified accountant who is commercially orientated. Experience of computer systems would be an advantage.

Reporting directly to the Financial Director, duties will initially include management of accounts department, preparation of monthly management and year-end statutory accounts, cash flow and profit forecasts and their monitoring.

Regular contact with the company's managers at branches throughout the UK and USA means that strong communication skills are essential. This position for a hardworking accountant, offers good opportunities within the organisation.

Candidates will probably be in their mid 20s/early 30s.

For further information please write, enclosing full curriculum vitae, or telephone:

Attention: Peter Soar, F.C.A.

OSBORNE & LITTLE plc
49 Temperley Road, London SW12 8QE
Telephone: 01-675 2255

Finance Director

Co. Durham c. £25,000 + benefits

I M P
Our client, Integrated Micro Products, is a young, innovative company designing and building a range of computers and related equipment within the highly successful Unix market. With sound institutional backing, they have been doubling their turnover year by year and anticipate flotation on the USM in or around 1989.

They are now seeking a Finance Director to take charge of the whole financial function and to play a significant role in the commercial direction of the company. While developing the company's own systems, the successful candidate will also take the lead on acquisitions and help direct the company's own organic growth. A key feature of the job will be to strengthen lines of communication within the company and to ensure effective reporting.

Candidates should be chartered accountants probably in the age range 28 to 35 with no less than two years' post-qualification experience gained in industry. They should have well-developed interpersonal skills and at least some experience of smaller companies, preferably with a bias towards high technology.

Please apply to Anthony Jones, Career Plan Ltd, Chichester House, Chichester Rems, Chancery Lane, London, WC2A 1EG, tel: 01-242 5775.
Interviews may be held either in London or Co. Durham.

Career plan
LIMITED
Personnel Consultants

Financial Controller

International Operations

c. £23,000 + car

West London based

This major international corporation in the entertainment industry wishes to strengthen its Corporate Control function.

Reporting to the Senior Vice-President Finance and Administration you will have a vital input into the Company's business strategy. Your role will entail the supervision of budget preparation for a number of territories in the Far East and the tracking and monitoring of actual territorial performance in the areas of gross income, advertising and publicity costs, operating expenses and capital expenditure.

A close liaison with Sales and Marketing executives at the Company's headquarters

is implicit, as is direct contact with the General and Financial Managers in the territories themselves. Overseas travel is expected to take up to 20% of your time.

Aged at least 30, you will be qualified with a number of years senior financial experience gained in a fast moving international Sales and Marketing environment.

Please forward a comprehensive CV quoting Ref. MD1137 together with details of recent salary progression to Dennis Fielding, Macmillan Davies, The Old Vaults, Parliament Square, Hertford, Herts. SG14 1PU. Telephone (0992) 552552.

Macmillan Davies
INTERNATIONAL SEARCH EXECUTIVE



REUTERS

Our client is a world leader in supplying information services to the media and the financial community. It is UK based with offices in about 80 countries. Vacancies have arisen in the following departments within the growing Corporate Finance Function which is based in CENTRAL LONDON:—

International Internal Auditors

c£20,000 + car + benefits

The positions require outgoing personalities who, in dealing with management at all levels, will contribute to the continued development of accounting and administrative systems. The work of the Internal Audit Department encompasses computer audit work, acquisitions and project reviews, in addition to ongoing worldwide general audit assignments, usually of four to six weeks duration. For young Chartered Accountants, willing to travel, this is an exciting opportunity to gain an invaluable insight into a fast-growing international organisation. Ref: 1399/FT.

Assistant Financial Managers

c£20,000 + car + benefits

Successful applicants will join a high calibre group within the Corporate Finance Function. Supported by computerised systems the Financial Accounting team is engaged in monitoring performance, providing timely and pertinent management information, setting financial accounting standards and ensuring compliance with U.K. statutory and U.S. SEC requirements. Candidates must be qualified accountants aged up to 28, preferably with a degree, who have gained experience with a major professional firm and possess the necessary personal qualities to succeed in a challenging and rapidly expanding environment. Ref: 1405/FT.

Technical Operations Management Accountant

c£18,000 + benefits

The successful applicant will be responsible for providing a complete management accounting service for the Reuters Europe Technical Operations Manager. The work will include monthly management reporting, forecasting and budgeting, together with a significant amount of ad hoc analysis. Candidates should be qualified accountants with good communication skills and the flexibility to succeed in a fast-moving environment. Ref: 1412/FT.

Write or telephone for an application form or send full details (with a day-time telephone number and current salary) to: R.P. Carpenter, FCA, FCMA, ACIS, 2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156 (24 hours).

Reuters is an equal opportunities employer.

Phillips & Carpenter
Selection Consultants

Financial Controller

(With an entrepreneurial spirit)

City
c£25,000 + Mercedes

A £1.5m turnover, highly profitable sport and leisure group is seeking a Financial Controller to help guide them to further success. Combining dynamic and innovative ideas, with prestige status, the group is well placed in its exciting growth sector.

Reporting directly to the Managing Director, the role calls for a wide range of skills and experience. Personal credibility and financial management knowledge will be necessary to offer advice at board level and to steer the

group to a USM listing within 2 years, yet the candidate will also play a 'hands on' role in the day to day running of the small accounts department.

Candidates should be qualified accountants, preferably with a 'big 8' training or have experience of a small growing company with similar aspirations to our client.

Energy and self-motivation will be vital to keep up with the pace in the group's informal and lively working

atmosphere. Smokers need not apply!

Directorship and a share participation scheme are possibilities for the right candidate.

Please reply, enclosing a full CV and quoting reference MCS/3011 to Tracey Phillips Executive Selection Division Price Waterhouse Management Consultants No.1 London Bridge London SE1 9QL

Price Waterhouse



Chief Accountant Pharmaceuticals

to £22,000 + bonus: Solway Coast location

GLAXOHEM LIMITED is a member of Britain's largest pharmaceutical group and is responsible for the manufacture of bulk pharmaceuticals and fine chemicals for worldwide distribution. Our Annan site is the most modern of Glaxochem's plants, employs in excess of 230 people and is situated in an attractive area on the Solway Coast.

As a member of the Site Executive Team, you will be responsible to the Factory Manager for controlling all financial and management accounting activities for the site. This will require sound experience in identifying and implementing initiatives to improve cost performance, and the ability to maintain stringent financial control for a £20m-million expenditure programme.

Aged over 30, you should be a 'high calibre' qualified Accountant with all round management and financial skills.

Salary will reflect qualifications and depth of relevant experience. Benefits are those associated with a company of Glaxo's international standing and include attractive bonus, non-contributory pension and relocation assistance, where appropriate, to this scenic location.

Please write or telephone for an application form to: W. M. Coley, Factory Personnel Manager, Glaxochem Limited, Three Trees Road, Newbie, Annan, Dumfriesshire DG12 5QH. Tel: Annan (04612) 3661.

Glaxo

Glaxochem Limited

Financial Director

Computer Services Organisation

to £40,000
Executive Car

Share Options
& Benefits including
relocation assistance

Midlands or South

Several years established, highly acclaimed by its customer base within the financial community, and having achieved impressive profitability, our client is seeking a full listing at the beginning of 1987. Their products are based upon a total systems concept and are acknowledged as the best available and, therefore, justifiable confidence exists for further penetration into their extremely dynamic marketplace.

Following flotation, it is highly likely that continued development will be in the form of organic growth and acquisition and consequently the need has been identified to engage an experienced Financial Director to play a major role in assisting in the formulation and implementation of strategy for ongoing success.

The successful candidate will be experienced in a services environment, ideally a Chartered Accountant by qualification and totally at ease in dealing with acquisitions and all aspects of high level financial negotiations.

Probably aged 30/40, you are now seeking a move that will enable you to capitalise upon your track record to date in an organisation that genuinely encourages personal career advancement.

Initial written applications are invited from which your relevance will be quickly determined and interviews arranged at your convenience in London, Birmingham or Manchester. Please forward comprehensive Curriculum Vitae to Andrew Carter at the Birmingham address below.

CONFIDENTIALITY GUARANTEED

Technical Sales & Management Appointments



Specialist Computer Recruitment Ltd JAMES HOUSE, WARWICK RD BIRMINGHAM B11 2LE TELEPHONE: 021-771 3344

ACCOUNTANT - A CORPORATE ROLE

c.£18,000 p.a.

An influential position at the core of a dynamic business

BAA plc is one of Britain's newest public limited companies whose privatisation is planned for the summer of 1987. Through our subsidiaries we own and manage seven major U.K. airports. Our commercial approach, sound business planning plus effective management have achieved consistent profitability.

Today, more than ever, effective financial controls are shaping the future of a dynamic and exciting large business in a major growth sector. The Accountant we seek at our Corporate Office will be part of a small team and will play a vital role, producing and analysing financial information and preparing it for presentation to the Board. This will include reporting on the financial performance of every aspect of all our airports, profit and loss accounts, capital expenditure forecasts and, after privatisation, commentary on share performance.

Working against strict deadlines you will comment on complex business factors behind the figures and generally support decision-making at the highest level. You will also influence the development of financial systems.

The need is for a fully qualified Accountant with 1+ years' experience - although an exceptional newly qualified or finalist could be considered. Most importantly, we will be seeking a commercially astute, ambitious professional who is acutely aware of profit and loss and recognises the potential of this visible, key position.

Salary will be around £18,000 p.a. plus valuable benefits.

In the first instance, please send your c.v. to: Julie Spencer, Management Resources, BAA plc, Corporate Office, 130 Wilton Road, London SW1V 1LQ.

B.A.A. plc

THE WORLD'S LEADING INTERNATIONAL AIRPORT GROUP

Corporate Accountant

City

£19,000 plus car

Our client, an international UK based Service Industries Group needs to recruit a Corporate Accountant due to internal promotion.

Reporting to the Group Financial Controller this position requires the ability to understand the detail of management accounts, the preparation of group consolidated accounts, the ability to communicate with subsidiary Managing Directors and Finance Directors together with specific projects and investigation assignments and some overseas travel.

Candidates should be ambitious qualified Accountants with at least two years post qualification experience aged 25-28. Knowledge of computerised financial modelling techniques would be useful.

Interested applicants should write, enclosing a full CV and quoting reference number 12/41 to:-

AGB Executive
173 SLOANE STREET LONDON SW1X 9QG
Tel: 01-235 9891

Financial Controller

W1

£28,000 + Car

Our client is a rapidly expanding non-institutionalised Financial Services Company that operates in a highly marketing orientated and aggressive market sector.

The Financial Controller reporting to the Finance Director will be responsible for the preparation of statutory accounts and management accounts to strict deadlines. Duties will also include the development of sound financial controls, computerised systems, budgetary controls and financial planning.

The successful candidate aged 28-35 will be a graduate chartered accountant and will probably have knowledge of the Insurance Industry or ex-

perience from a highly commercial, services-related background. Exceptional communication skills and the ability to self-motivate are considered vital qualities.

Prospects within the company are excellent and the attractive remuneration package will be negotiable for the outstanding candidate.

Interested candidates should write to Andrew Sales, FCCA, Executive Division, enclosing a comprehensive curriculum vitae and a daytime telephone number to Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH, quoting reference 361.



Michael Page Partnership

International Recruitment Consultants
London Windsor Bristol Birmingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

CJA

RECRUITMENT CONSULTANTS

35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374 Fax No. 01-638 9216

Challenging opportunity with fast growing bank. Scope to rotate to other key accounting areas within two years.

CJRA

MERCHANT BANKING YOUNG CHARTERED ACCOUNTANT

CITY

£17,000-£19,000 PLUS EXCELLENT
BANKING BENEFITS

WHOLLY OWNED MERCHANT BANKING SUBSIDIARY OF INTERNATIONAL BANK

We invite applications from Chartered Accountants, who must have had at least six months demanding experience gained, preferably, within a City environment or in the profession. This will include exposure to financial analysis and the development of management information. The selected candidate, who will report to the Manager of Accounts, will have the opportunity of making a major personal impact on this interesting accounting role and will be responsible for supervising a team of six and the accounting for all Bank expenditure, the production of monthly management accounts with variance analysis. Additional responsibilities include lease accounting and other regular and ad hoc activities both for the Bank and its subsidiaries. Essential qualities are initiative, self-motivation, strong communication skills and the ability to manage and develop a diverse accounting team. Initial salary negotiable £17,000-£19,000, plus subsidised mortgage and excellent banking benefits. Applications in strict confidence, under reference MBYA/18401/FT will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager, CJRA.

CAMPBELL-JONSTON RECRUITMENT ADVERTISING LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH.

FINANCIAL CONTROLLER

An expanding and highly successful entertainment company seeks ambitious Financial Controller to ensure effective financial control of several group companies, and to be responsible for all planning, tax structure etc. This is a great position and a challenging opportunity for someone interested in a creative, enthusiastic and modern organisation.

Please write to:
Box A0313, Financial Times
10 Cannon Street, London EC4P 48Y

FINANCIAL CONTROLLER

A fast growing asset backed catering company with 1987 turnover projected to increase from 750k to at least 1.5m now needs to appoint an appropriately qualified energetic and progressive person to develop the company's controls and manage its East London Head Office Administration with the Company Secretary/Personnel and Wages Administrator. A salary of £15,000-£20,000 plus company car is presently envisaged.

Please apply to the:
Managing Director,
DAVID BLUNT CATERING MANAGEMENT LIMITED,
86 Cranbrook Road, Ilford, Essex.

Regional Head of Audit

Leading Banking Group

City

c.£25-28,000 + Banking Benefits

This is a new high profile corporate role with one of the foremost names in European banking.

Reporting directly to a Senior Vice President, who is based at Head Office on the Continent, the requirement is to establish a high-level inspection function to review all operating areas (banking, international securities, broking) in the London Region. Particular emphasis will be on high risk areas and controls and the quality of

management information and profits.

Auditing experience, either internal or external, must have been gained in a banking or broking environment and a professional accounting or banking qualification is highly desirable. The ability to interact effectively with management and qualities of drive and initiative are paramount.

The salary package is for discussion and will not bar the right calibre of candidate. The position offers broad

experience in all aspects of international banking and will lead to very good career development prospects, which will be discussed at interview.

Candidates should write enclosing a full CV quoting reference MCS/2038 to Milton Ives, Executive Selection Division, Price Waterhouse Management Consultants, No. 1 London Bridge, London SE1 9QL.

Price Waterhouse

**Gabriel
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PEARSON

ASSISTANT TAX MANAGER

To £20,000 plus Car

Pearson plc, the UK holding company of an extremely successful International group which includes such companies as the Financial Times, Penguin, Royal Doulton and Lazard, is seeking to enhance its in-house expertise through the appointment of an Assistant Tax Manager to its small, professional head office team in London.

The Assistant Tax Manager will share responsibility for the tax affairs of the head office companies and the organisation of group tax matters in the most tax-efficient fashion. Tax planning will be an important part of the job.

Candidates should be qualified accountants or Inspectors of Taxes with around two years corporate tax experience and be of sufficient calibre to work largely without supervision. Career progression can lead to another financial appointment at the head office or elsewhere within the group.

For further information please contact Annie Maxey or Fran Friedland, consultants to the organisation for this assignment on (01) 831 2288. Evenings & weekends (01) 891 4767 or (01) 360 7902 respectively, or write in strictest confidence to:

Gabriel Duffy Consultancy, Financial Selection and Search, 31 Southampton Row, London WC1B 5HH.

Internal Consultant

Bristol

£Attractive + Car

Our client is a subsidiary of a major Australian Public Company with worldwide group interests in minerals, mineral processing, development, and investment.

As a result of a continuing process of rationalisation, a position has arisen in Bristol for an Internal Consultant, reporting to a Manager in Europe.

The successful applicant will work with a large degree of autonomy, and consequently a mature approach to client relationships is essential. Emphasis will be placed on providing a service to all levels of management with the intention of improving bottom line performance.

Responsibilities will include:-

- * Review and appraisal of control systems in financial and operational areas.
- * Practical recommendations to management.
- * Participation in EDP systems development.

* Research and implementation of improvements to existing services.

This is a "high exposure" position and will appeal to candidates of exceptional ability, with good communication skills and the desire to progress rapidly. The position requires up to twelve weeks travel per annum within the UK and abroad.

Applications are invited from recently qualified Chartered Accountants with a sound technical base and a good understanding of computer based systems.

The excellent remuneration package includes a fully expensed car.

Interested candidates should respond to Renny Hayes BA, ACA at Michael Page Partnership, 29 St Augustine's Parade, Bristol BS1 4UL, or telephone him on 0272 276509 (24 hours).



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Financial Controller

Fast Growing
Business

To £20,000
+ Bonus + Car

Oxford

Located on the outskirts of Oxford, this highly successful injection moulding company, with a turnover of £8m, is seeking a commercially aware Financial Controller to join its small senior management team.

Following its recent acquisition by a major UK group, the company has now been provided with a key opportunity to accelerate its growth plans which include the lively acquisition of similar companies.

The position calls for a highly motivated Qualified Accountant, aged around 30-35, with several years broad based manufacturing experience involving the use of sophisticated computer systems.

Career prospects, both within the company and the group, are excellent for candidates who show drive and initiative, and who can contribute to the commercial development of the business.

An attractive range of benefits is offered including relocation assistance where necessary.

Interviews will be held in Oxford and London.

Please send concise details, including current salary and daytime telephone number, quoting reference R2010, to W S Gilliland, Executive Selection Division,

Grant Thornton

Management Consultants

Fairfax House, Fulwood Place, London WC1V 6DW.

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£41 per single column centimetre and £12 per line. Premium positions will be charged £49 per single column centimetre.

For further information, call:
Louise Hunter
01-248 4864
Jane Liversidge
01-248 5205
Daniel Berry
01-248 4782

DIRECTOR

FINANCE AND INVESTMENT

London West End

££30,000 + Benefits

Our Clients are a Group of Companies, controlled by a successful entrepreneur who is involved in property and Financial Investment in the U.K. and U.S.A. Our Client is planning to consolidate part of his different activities and to expand through reorganisation and public quotation.

The candidate should have: A.C.A./M.B.A. qualification as well as entrepreneurial skills, considerable knowledge of financial markets, investment experience, and be capable of research and analysis of investment opportunities, preferably with some experience in acquisitions.

This position provides an excellent opportunity for an individual, preferably aged 29-36, who has drive and ambition for success and achievement, and is seeking an opportunity to use their skill to the full extent. Their involvement in this new phase of activity and their contribution to its success, would ensure participation in future expansion and profit.

Please send your applications to:

BENJAMIN KAY & BRUMMERS,
York House, Empire Way, Wembley, Middlesex, HA9 0QL.
Ref: V. Smith.

OPERATIONS AUDIT

**Today's Young Accountants
-Tomorrow's Top Management**
£16,000 to £18,000+car+benefits

Wiggins Teape is recognised internationally as a leader in the manufacture and marketing of high technology papers, distributed through a wide trading network. Part of B.A.T Industries, we enjoy an annual turnover of approximately £1,000 million and substantial sales and profits growth by taking leadership positions in growth markets with emphasis on quality.

Following recent promotion to line positions we are seeking a number of accountants to join our operations audit team. Active career development, good salary progression, early decision making authority and invaluable business problem solving experience combine to provide excellent career prospects. There is high visibility in the Group's control and audit function.

Based in attractive offices in Basingstoke you will work with senior executives, providing advice to subsidiaries management, undertaking special projects and reviewing major areas of business activity.

For these positions you should be newly/ recently qualified ACA, ACMA, or CACA or with up to two years further experience. Confident finalists awaiting results will also be considered.

Communication skills are of key importance and you will also need strong analytical abilities to supply succinct solutions to business problems and to assure management on the adequacy of control.

You will receive a competitive remuneration package with benefits that include a non contributory pension scheme, BUPA, share participation scheme, five weeks annual holiday, relocation assistance, motor car and a salary negotiable between £16,000 and £18,000.

Please write giving full personal and career details to:

Mr J.R. Keith, Personnel Manager,
The Wiggins Teape Group Limited,
PO Box 88, Gateway House, Basingstoke,
Hampshire RG21 2EE. Tel: Basingstoke (0256) 20262.



Group Management Accountant

Milton Keynes
c.£20,000 + Mercedes-Benz car

Mercedes-Benz (UK) Limited, a wholly-owned subsidiary of Daimler-Benz AG in West Germany, is a leading importer of passenger cars and commercial vehicles in the United Kingdom.

As Group Management Accountant, you will be employed in the classic accountants role at the heart of our expanding, fast-moving operation. Reporting to the Financial Controller and managing a department of 5, you will ensure that management and statutory group accounts are prepared to tight time deadlines. Close liaison with the managers of our retail outlets, and with our parent company in Germany, will be an essential element of your role.

Probably aged 30, you will be a qualified accountant with 3-4 years' experience in a supervisory position with a large organisation, in which you gained some exposure to micro-computers.

The career prospects are excellent and the earnings package is accompanied by a range of benefits including a fully expensed Mercedes-Benz car, life assurance, contributory pension scheme, discounted BUPA and relocation assistance where appropriate.

Please send full career and salary details to Mr F Hoakinson, Mercedes-Benz (UK) Limited, Mercedes-Benz Centre, Tongwell, Milton Keynes MK15 8BA.



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FINANCE DIRECTOR (DESIGNATE)

London

to £30,000 + car

Our client is a young and growing group of companies specialising in sales promotion and marketing services. The group is both profitable and highly professional; it is expanding steadily and is continuously reviewing its future capital requirements.

The Board now intend to recruit a Finance Director who will report to the Chairman and the Group Board. As part of the executive team your brief will include the improvement of management accounting procedures and computer based financial systems, together with full involvement in strategic business planning. You will be responsible for the supervision of all finance functions, establishing a rapport with financial institutions, advising on legal matters and

participating generally in the development of the business both through organic growth and by acquisition.

Applicants will be qualified accountants with wide commercial experience. You must be decisive, practical and enthusiastic to make a positive contribution to the group's future growth. Experience gained in a fast moving sales/marketing environment would be an advantage.

This challenging opportunity will suit only those who justify rapid appointment to the Board. The attractive remuneration package will include a bonus scheme.

Please write in confidence with full career details, quoting reference 5428/L, to John W. Hills, Executive Selection Division.



Peat, Marwick, Mitchell & Co.,
165 Queen Victoria Street, London EC4V 3PD.

Young Finance Director

South of England
Salary Neg. Circa £30,000 plus car and benefits

Our Client is a major divisional profit centre of a significant British manufacturing company. The division, which currently has an annual turnover of around £40m, operates primarily in the aerospace industry. Substantial expansion and investment is planned over the next five years and beyond, built upon its already impressive record of profitability and growth.

The newly appointed Managing Director is looking for a highly energetic, youthful, ambitious and committed Finance Director to work closely with him, not only in managing the financial aspects of the business but particularly in determining and developing the commercial strategy.

Candidates should be graduates with a professional accounting qualification. At least seven to ten years post-qualification experience is required in an environment which will have included high technology manufacturing in a sizeable industry and will have demanded excellent commercial awareness. Experience in acquisitions will prove useful.

Salary will be negotiable around £30,000 with car, private medical insurance and non-contributory pension included in the benefits package. Relocation assistance will be offered towards the costs of moving to a very attractive part of Southern England. Applications, which will be treated in strict confidence, should be sent with a brief CV and details of current salary to W.D. Radcliffe (Ref 2231/1), Vice Potterton Limited, 152/153 Fleet Street, London EC4A 2DH.

VINE POTTERTON
RECRUITMENT ADVERTISING

Financial Controller

West End Salary c.£25K + Car + Benefits

Our clients, a leading firm of Architectural and Design Consultants who have enjoyed rapid growth and recognition in recent years, have identified the need to strengthen their financial team by the appointment of a Financial Controller.

Reporting to the Commercial Director, you will be responsible for the financial control of the company, monitor its performance and in due course participate in investigations, acquisitions and systems development. The ability to work under pressure in this fast moving and demanding organisation is essential.

Candidates, likely to be around 30 years of age, will ideally be graduate Chartered Accountants who can demonstrate a progressive track record gained both in the investigation department of a leading professional practice and more recently in a dynamic commercial environment. Experience of computer systems and financial modelling would be an advantage.

If you meet these demanding criteria, you should send a detailed CV, including current salary to Don Day FCA, quoting reference LMS0/02 at Spicer and Pegler Associates, Executive Selection, Finsbury Court, 65 Crutched Fields, London EC3N 2NP.



Spicer and Pegler Associates
Management Services

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Our client is a US MULTI NATIONAL with annual turnover c \$1,500m employing over 12,000 people worldwide in one of TOMORROW'S INDUSTRIES.

probable age range 25-30 to fill vacancies arising from INTERNAL PROMOTION.

Ideally successful candidates will have a fluent second European language, especially GERMAN OR ITALIAN, but this is not a sine qua non. A FAST TRACK career in this successful company awaits YOU!

Please telephone and send cv to:
George D. Maxwell, Director
ACCOUNTANCY APPOINTMENTS EUROPE
1-3 Mortimer Street, London W1
Tel: 01-580 7739/7696
or 01-637 5277 ext 281/282



BELHAVEN PERTH

FINANCE DIRECTOR

£30k PACKAGE plus CAR

The Belhaven Group is currently re-locating its Head Office Management Team in Perth. As a preliminary to the implementation of a positive plan for significant expansion, organically and by acquisition, a number of key appointments are being made. The Finance Director, as a member of this team, will be responsible to the Chief Executive for the development and supervision of first class management and financial information systems and financial controls throughout the Group. Responsibilities will also cover Group accounting procedures, preparation of Statutory Accounts and financial appraisals.

The ideal candidates should be in the mid to late thirties with considerable commercial experience in a group environment, including the development of computerised systems. A high degree of commitment is expected.

Applicants should send full Curriculum Vitae to:

THE BELLHAVEN BREWERY GROUP plc
c/o Arthur Young, Chartered Accountants
2/4 Blackfriars Street, Perth PH1 5ND

Head of Financial and Revenue Accounting

Policy making role in a
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Yellow Pages is Britain's most successful classified directory. Our imaginative leadership and dynamic style is geared towards increasing this success into the 90s and beyond.

To help achieve this objective we are looking for a high-calibre professional to head up our Financial and Revenue Accounting team.

You will be responsible for developing and implementing day-to-day policies which will ensure the highest levels of efficiency and accuracy and for recommending long-term policy changes. This will involve producing and maintaining accounting records to

auditable standards, controlling the computerised revenue accounting system and developing the Intra-business, Cashiers, Purchase Ledger and Fixed Asset functions.

Candidates must be qualified accountants with an impressive track record in a senior role, encompassing Financial and Treasury accounting and computerised systems. Good management and communications skills and the ability to work efficiently under pressure are essential.

Starting salary is up to £20,000, depending on experience, together with those benefits expected of a successful organisation.

Please write, with full cv, to Julia Cutler, Yellow Pages Personnel, Queens Walk, Oxford Road, Reading, Berks RG1 7PL



British
TELECOM



New Challenging Roles within an International Environment

Zimmer International, a division of the Bristol-Myers organisation, is a world leader in the manufacture and sale of orthopaedic implants and a number of other surgical and health care products. We are currently in the process of transferring our international headquarters from Brussels to our prestigious new head office at Swaleys House, Ickenham, and have several career opportunities available:

Senior Financial Analysts

Reporting to the Vice President and Controller, you will be responsible for the analysis, evaluation and interpretation of division and subsidiary financial statements; reporting of performance against approved operating plans; assisting in the development and submission of long-range plans and operating budgets as well as capital expenditure requests. A minimum of 5 years experience in a multinational environment, combined with a good knowledge of U.S. financial reporting is required. In addition, a second European language is desirable.

Senior Accountants

Reporting to the Director, International Accounting, you will be responsible for the review, preparation and submission of subsidiary and consolidated management financial statements; intercompany invoicing and netting; evaluation, calculation and application of management adjustments to the profit and loss statement; assisting in audit compliance and preparation of other operating management reports. A professional qualification is desirable coupled with a minimum of 3 years experience in a multinational environment together with a thorough knowledge of U.S. reporting. A second European language is desirable.

In addition to the exceptional working environment, we are able to offer highly attractive remuneration packages and career opportunities only a world leader organisation can offer. If your experience and expectations match the above positions, please send your CV to Angela Ryan, Personnel Department, c/o Zimmer International Limited, Swaleys House, Milton Road, Ickenham, Uxbridge, Middlesex UB10 8NS. Tel: (0885) 638911.

The Goal is Perfection

Bovis International Management Accountant

Bovis International Limited, part of one of the U.K.'s leading construction companies, require an energetic young Chartered Accountant to work at their offices in Chiswick, West London.

Reporting to the Chief Accountant, the successful candidate will be involved in a wide range of management accounting duties relating to overseas operations. Occasional overseas travel will be involved. Candidates should have a knowledge of financial modelling techniques.

This position is permanent and carries with it the usual benefits associated with this large group of companies. We are an equal opportunities employer.

Please telephone for an application form or write to:
The Personnel Department, Bovis International Limited
10-13 Heathfield Terrace, Chiswick, London W4 4JE
Telephone: 01-995 8961



Management career for a young qualified accountant

To **£23,000 + car + excellent benefits** London

Internet Systems Corporation is an American organisation which is successfully expanding its European operation, implementing advanced systems for blue chip clients in the banking sector. It provides the world's first perpetually real-time international banking system.

The company now seeks an ambitious young accountant to become Manager of Finance and Administration and to report directly to the Director of European Operations and Marketing. It is a challenging role, organising and controlling the entire financial accounting and administrative activities of the European region from your London base. You would also liaise closely with regional management and U.S. executive in preparing budgets, contracts and policy setting.

In addition to your qualifications, you will have a

minimum of 3-4 years' commercial experience, a proven track record of success within a service-based environment, ideally, and self-evident management potential if not actual experience. Plus, of course, the personality to integrate into a dynamic organisation.

Rewards include a salary of up to £23,000 p.a. plus car and a share option scheme, incentive compensation, health care, permanent health and life assurance and five weeks' annual holiday.

Initially, concise career details with a contact telephone number should be sent to the address below for confidential consideration. Early interviews with suitable candidates will be arranged at our client's London office.

Please quote reference 626.

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Divisional Finance Director - f.m.c.g.

around **£34,000 plus car and bonus**

This is an opportunity to join part of a leading retail group at an exciting stage in its development. The division is embarking on a fundamental re-orientation of its business under the direction of a new and dynamic divisional board. The Finance Director's contribution to this process of change will not only be in areas of financial planning and performance analysis. By interpreting data, identifying trends and analysing risk/opportunity factors he (or she) will make a direct input to policy decisions and so influence the division's growth and profitability. Qualified applicants must have a proven track record in a comparable, fast-moving environment. Age - mid 30's. Location - Home Counties. The package includes an unusually attractive range of benefits and a potentially substantial, profit-related bonus. Ref: 1631/FT. Write or telephone for an application form or send full details, (with telephone numbers and current salary) to **F.A. Phillips, ACIS, FCII, 2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156 (24 hours).**

Phillips & Carpenter

Selection Consultants

CHIEF ACCOUNTANT

Basildon

£20,000 + car

A rapidly expanding private publishing and printing group with annual sales of over £20 million, seeks an ambitious accountant to manage the accounts department at the Group's Head Office.

The Chief Accountant will report to the Financial Director and assist him in group financial matters, whilst on a day to day basis supervising three section managers responsible respectively for financial accounting, credit control and computerisation. The successful candidate will play a significant role in the development of improved management information systems.

Applications are invited from Chartered Accountants around 30 years of age who combine proven ability to manage and motivate an accounts department with experience of computerised systems.

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref: 2720 to **W.L. Tait, Executive Selection Division.**

Touche Ross

The Business Partners

Hill House, 1 Little New Street, London EC4A 3TR. Telephone: 01-353 8011.

Chief Accountant

c.£22K + Car

Multitone Electronics PLC is a leader in the design and development of radio paging and office communication products, currently introducing major new product ranges.

We are seeking a young ambitious Management/Cost Accountant to be responsible for the preparation and development of management accounts to monitor the performance of our U.K. companies.

The successful candidate will also ensure that the costing system is maintained and enhanced, and that budgets and forecasts are adequately prepared. ICMA or equivalent qualifications plus appropriate experience are required.

The full range of financial accounting duties are covered, and a knowledge of industrial grant procedures would be useful. With a Head Office staff of 15, previous man-management experience is essential. There is also functional responsibility for accounts staff on two other U.K. sites and some travel will therefore be necessary.

A comprehensive benefits package including car, private medical insurance and life assurance plus a contributory pension scheme is offered.

Please send full c.v., explaining in a covering letter how you meet the above requirements to:

Ian Smith, Personnel Manager,
Multitone Electronics PLC.,
12 Underwood Street,
London N1 7JT.
Telephone: 01-253 7611

multitone

FINANCIAL DIRECTOR DESIGNATE

Capital-intensive, high-growth service business

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Board appointment envisaged within two years

SOUTH EAST ENGLAND

Marley Vehicle Leasing is a strategic company within the highly successful Marley Group and is a major force in the Vehicle Contract Hire market, with a planned programme for significant growth and diversification.

The Financial Director Designate will be a key member of the management team, operating within a dynamic service environment. The brief will extend from responsibilities for finance, computerised accounting systems and administration, to 'hands-on' involvement in the policy and decision-making process.

A Chartered Accountant of a particularly high calibre, with demonstrable experience of man management and decision-making at board level will be chosen. The successful candidate

will be expected to justify appointment to the Board within two years to replace the present Financial Director on his retirement. Applicants under 30 are unlikely to have the maturity and experience required. A substantial salary will reflect the seniority of this appointment, supported by a benefits package including performance-related bonus and share option schemes, private medical insurance, pension scheme and relocation assistance where appropriate.

Please write with full career details and salary history to: **Doug Glen, Managing Director, Marley Vehicle Leasing Ltd, PO Box 31, Riverhead, Sevenoaks, Kent TN13 2YY. Tel: (0732) 455255.**



GROUP TAX MANAGER

Watford

From **£25,000 + car**

Our client is a substantial public group who manufactures a range of products and offers contracting services worldwide in the industrial sector of the construction industry. They now seek a well qualified and widely experienced tax manager to join the high profile central finance function.

As a key member of the group's senior management team duties will include tax compliance work both for UK based and overseas companies, the provision of corporate tax advice to management, the planning and development of the group's tax strategy to maximise the use of available reliefs and the handling of ad hoc projects. The post will involve keeping

abreast of tax development worldwide and advising group management on the tax implications of its ambitious growth strategies.

Applicants, preferably graduate chartered accountants aged 35 to 45, must have wide practical experience of corporate and personal tax matters relevant to a substantial group operating worldwide; they should have a positive commercial approach and the personal qualities necessary to contribute to group strategic planning. The salary is negotiable plus car and good benefits.

Please write in confidence with full career details, quoting reference 6394/L to **John W. Hills, Executive Selection Division.**

PEAT MARWICK

Peat, Marwick, Mitchell & Co.,
165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

DIRECTOR OF FINANCE

£28,869 - £31,041

The capital city of Scotland, established centre of finance and commerce, is seeking a Director of Finance.

This key post will be involved in the financial planning process and will administer the financial affairs of the Council as well as managing and co-ordinating the activities of a Department which employs approximately 100 staff.

The postholder requires an understanding of the problems of local authority finance in the light of the current economic situation and also the ability to ensure the translation of the financial aspects of the Council's policy objectives into achievements. The successful candidate should be a qualified accountant with extensive relevant managerial experience gained at a high level preferably in the public sector.

Application forms and further details are available from the Director of Personnel and Management Services, City Chambers, 249 High Street, Edinburgh, EH1 1PL. Telephone: 031-225 2424. Ext: 6419/6423. Closing date: 14 November 1986

"Edinburgh District Council is an equal opportunities employer. Applications are invited from women and men, from all sections of the community, irrespective of ethnic origin, disability or sexual orientation, who have the necessary attributes for the post."

City of
Edinburgh

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Company Secretary

Public group

Cheshire

This group of companies with turnover approaching £150 million is unusually diverse in its operations and exceptionally ambitious in its plans.

The dramatic growth achieved so far now requires the appointment of a Secretary who will take responsibility for the full range of corporate legal, secretarial and administrative matters including insurances, pensions and properties.

Candidates, male or female, preferred age early 30s to middle 40s, must have

relevant degree and/or professional qualifications. They must be thoroughly experienced in a public company across the full range of secretarial responsibilities, ideally including involvement in acquisitions.

Salary negotiable around £25,000; excellent benefits including car, relocation help if needed, and share option prospects.

Please send career details, in confidence, to **D. A. Ravenscroft.**

Ravenscroft & Partners

Search and Selection
20 Albert Square, Manchester M2 5PE

New Post for Young Accountant

Globe Investment Trust P.L.C. is the largest listed UK investment trust with an investment portfolio of approximately £800m. Following the planned expansion of the unlisted part of the portfolio to £100m, Globe wishes to create a new post in its small Head Office Investment Department.

Investment Assistant (unlisted investments)

A recently qualified Chartered Accountant or similar professional is needed to assist in the management of the increasing number of unlisted investments being made by Globe. The job will involve analysing new propositions in detail and monitoring existing investments, working in close collaboration with the Investment Manager responsible for the unlisted portfolio. Globe is particularly active in financing management/buyout and property projects with significant equity potential.

The successful candidate will have broad commercial experience and a working knowledge of unlisted investment would be useful but is not essential. Starting salary will be negotiable depending on experience, and will be part of an attractive financial package.

To apply, write in confidence with brief career details to **Mr. J.P. Cross, Secretary, Globe Investment Trust P.L.C., Electra House, Temple Place, London, WC2R 3SE. Telephone 01-836 7766.**



Globe Investment Trust P.L.C.

FINANCIAL CONTROLLER

up to **£25,000 + car** Slough

Our client, a fast-expanding group with turnover in the current year anticipated to be approx £5m, is engaged in the car rental industry with services including the operation of its own fleet, supply to local operators and the provision of other related services.

Due to rapid expansion we are now recruiting for the new position of Financial Controller, reporting to the Managing Director, to take direct responsibility for the accounting function through a staff of six. Key areas include financing and funding of assets, management of credit control, further development of computerised systems and the function of Company Secretary.

Applicants should be aged between 28-32, must hold a recognised accountancy qualification and preferably be educated to degree level. Experience of computerised systems within a broad commercial environment is essential. Motor trade knowledge a distinct advantage. In addition to salary and a 2-litre car, normal benefits, including family health insurance and pension, will be applicable.

A full cv, including details of career and salary progression to date, should be sent to: **Haines Watts Recruitment Services, Reference: R108, Palladium House, 1-4 Argyll Street, London W1V 4AD**

Haines Watts Recruitment Services

A division of Haines Watts Financial Services —
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Basingstoke — Birmingham — Bradford —
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Oxford — Newcastle — Nottingham — Reading —
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Woburn/Sampson

UNIVERSITY OF SALFORD

Department of Business and Management Studies

LECTURER IN

ACCOUNTING AND FINANCE

Applications are invited for the above established post, for which the salary will be fixed at an appropriate point on the Lecturer scale (£25,000-£31,700 under review). Applicants should be qualified in accounting, finance or a cognate discipline.

Further particulars and application forms are available from:

The Registrar

UNIVERSITY OF SALFORD

Salford M5 4WT

Tel: 061-736 5843 extn 215

to whom completed applications should be returned by 21 November 1986, quoting reference BA/48/FT

The University is an equal opportunity employer. Informal enquiries may also be made to Professor K. P. Gee (Extn 7066)

Red Hall, Barbican Exhibition Centre,
London EC2. 4-6 November 1986

THE ACCOUNTANTS' EXHIBITION

Open until 8.30pm
Wednesday 5th and
Thursday 6th November

From the fourth till the sixth of November the Accountants' Exhibition comes to the Barbican. Three days of the most exciting innovation from some of the best established companies servicing the profession.

Once again the exhibition encompasses all areas from computers to leasing, from venture capital to office equipment. With each product of specific interest for those involved in finance. Be it commerce, private practice or public service.

On this occasion, and to mark the fifth successful year of the exhibition the sponsors, *Accountancy Age*, will be hosting a series of seminars.

Details of the seminars, along with complimentary tickets to the Exhibition are available from visitor department, Accountants' Exhibition,

216 Goldhawk Road,
London W12 9NX.
Tel. 01-749 9535.

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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Thursday October 30 1986

FOR BUSINESS CARS & VANS
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USX unveils strategy for defence ahead of move to restructure

BY OUR FINANCIAL STAFF

USX, the hard-pressed steel and energy group which is the object of a takeover approach by Mr Carl Icahn, the New York financier, yesterday unveiled some of its defensive strategy, and said a full restructuring plan prepared by its financial advisers would be completed within the next few days.

Mr David Roderick, USX chairman, also said that Mr Robert Holmes & Court, the Australian businessman, had sold his stake in the company and was "very pleased" with his profit on the deal.

Mr Roderick was due to hold talks with Mr Icahn last night, but repeated that he had no intention of paying "greenmail" for the 11 per cent stake which the renowned corporate raider has built up in the company. He said that earlier talks with Mr Icahn had mainly turned on the conditions under which USX - formerly known as US Steel - might allow him to inspect its accounts. Mr Icahn recently made a proposal to buy USX for \$31 a share or about \$3bn.

Among the defensive measures revealed by Mr Roderick yesterday was a scheme to offer contracts to about 20 senior executives, including Mr Roderick himself, to stay with the company.

The company had earlier reported a third-quarter loss, after mak-

ing a small net profit in the three months to June, as a result of a drop in energy prices and hardship brought by a strike from August 1 of 22,000 steelworkers.

Third-quarter net losses totalled \$163m or 80 cents per common share on sales of \$3.3bn. This compared with a net profit of \$144m or 48 cents per share in the third quarter of 1985, when sales were \$5.3bn.

The figures brought the company's nine-month net loss to \$418m or \$1.70 per share on sales of \$12.2bn. The corresponding 1985 net profit was \$509m on sales of \$15.7bn.

Benjamin Steel, the third largest US steelmaker which has lost close to \$2m since 1982, chose to accompany the announcement of another quarterly loss with a statement to the effect that it anticipates a fourth-quarter net profit. The company said it expects to recognise \$140m as income in the final quarter as a result of tax credits. Actual tax refunds from the credits will not be received until 1987.

Third-quarter net losses totalled \$71.3m after various gains totalling \$29m. This compared with a loss of \$76.8m in the corresponding 1985 period which was after a non-recurring pre-tax charge of \$35m.

North America quarterly results, Page 37

Pinola's advances make him the most visible serious contender, writes William Hall in San Francisco

'Renegade' presses suit for BankAmerica



Mr Tom Clausen

helm of the troubled group, has been keeping a low profile during the ABA festivities - uncharacteristic behaviour for the chief executive of one of the proudest and best known banks in the world.

Hostile takeover bids are virtually unknown in the US banking industry and Mr Pinola's moves have caused consternation in the banking establishment, where he is regarded as an ambitious renegade. Security Pacific, the second biggest California banking group and one of better-managed major US banks, has said publicly that BankAmerica should be allowed to remain independent, while other senior US

bankers voice their displeasure in private at First Interstate's dogged pursuit of its much larger rival.

However, many analysts believe that with this latest offer, which is above BankAmerica's book value and a substantial premium above Tuesday's closing price of \$13.75, First Interstate has set in motion a train of events which will either lead to the takeover of BankAmerica or trigger far-reaching financial changes to enhance stockholder value.

"We continue to believe that the combination of our two institutions provides unique and substantial advantages for the shareholders, employees and customers of BankAmerica and First Interstate, says Mr Pinola. "These advantages include financial flexibility from purchase accounting and the capital we bring to the combinations - significant savings from synergies - and a vast interstate network of retail branches that simply cannot be achieved by BankAmerica as effectively under any other business strategy."

First Interstate valued its initial offer for BankAmerica at \$18 although stock market analysts said that it was worth between \$15 and \$18. The revised proposal involves a package of "primary capital" securities worth \$2.2 billion.

Each of BankAmerica's 154.5m shares will be exchanged for 0.22 shares of First Interstate common stock (worth \$11.99 on October 26), a First Interstate primary capital

debt instrument valued at \$3 and one share of a perpetual, participating preference stock worth at least \$7.

First Interstate says its offer would provide for the immediate restoration of dividend payments to BankAmerica common shareholders. McKinsey, the management consultants, has estimated that savings from the combination of the two groups could range from \$475m to \$895m annually within a few years after the effective date of the merger.

First Interstate plans to take advantage of sizable purchase accounting adjustments and the possible elimination of overlapping business segments to sell a substantial amount of BankAmerica's assets including non-performing assets. It says it can do this in "a more tax efficient and capital efficient manner than could be accomplished by BankAmerica alone."

Mr Don Crowley, in common with several other analysts, had estimated that First Interstate would have to offer between \$18 and \$20 a share if it was serious in its intention of pulling off a deal. Mr Crowley estimates that the intrinsic value of the latest offer is around \$20 a share.

He describes First Interstate's latest offer as its "best shot" at taking over BankAmerica and says that if there are other serious bidders "this is the time they will come out of the woodwork."

Citicorp, parent of the biggest US bank, is rumoured to be interested



Mr Joseph Pinola

in acquiring some or all of BankAmerica. Although New York banks like itself are currently barred from making acquisitions in California, Mr Crowley believes that if BankAmerica wants to find a friendly "white knight" to rescue it from Mr Pinola's First Interstate, then New York is the most likely place.

New York banks will be allowed to acquire California banks in four years time and a New York bank could conceivably offer to inject urgently needed capital into BankAmerica in return for a right to acquire the group when the Interstate banking laws are finally dismantled.

A rival bid could come from

across the Pacific. Japanese financial institutions have been expanding aggressively in the US and BankAmerica with its huge retail banking network could be a tempting target, many analysts believe. Japanese banks and brokerage firms have much more capital than most of their US rivals and a \$1bn to \$3bn investment is not unthinkable.

Finally, BankAmerica could turn for help to its many wealthy well-wishers in the San Francisco business community who are desperately concerned at the way the balance of financial power in the state is slipping out of the city and down to Los Angeles - home of both First Interstate and Security Pacific.

Mr Richard Blum, a wealthy investor and husband of San Francisco's mayor Dianne Feinstein, hit the headlines last weekend after it was disclosed that he had offered to raise \$1bn for BankAmerica. Another investor group led by Mr Stanley Hiller, a local financier, had also earlier offered to raise \$1bn.

First Interstate is the most visible serious contender for BankAmerica's hand at the moment but as Mr Paul Minch, a senior vice president of First Interstate admits, the situation is "highly fluid".

In the short term, the performance of First Interstate's own share price will probably give the best clue of its chances of consummating the biggest banking takeover in US corporate history.

Daimler rights issue expected

BY ANDREW FISHER IN FRANKFURT

DAIMLER-BENZ, the West German vehicle manufacturer which has been extending its other industrial activities rapidly, is expected to announce a rights issue shortly that will raise more than DM \$20m (\$26.8m).

The Stuttgart-based company said earlier this week that sales had been rising strongly and that it expected to close the year with further satisfactory profits.

However, Daimler would not confirm the rights issue, but the expected increase in its nominal share capital by DM 170m to DM 2.12bn to prepare for the issue.

Dealers said that Daimler did not

really need the money, but wanted to hold its dividend for the full year ahead at DM 12 - the new shareholders are expected to be eligible for the full year's payment - and drop the DM 2.50 bonus that was paid to mark the group's centenary.

The rights issue is expected in the market to be on the basis of one share for DM 12 - a price of around DM 150, a huge discount on the closing price yesterday of just under DM 1,200, a fall of nearly DM 20.

By paying the same dividend on the enlarged capital, the group would be raising its total payout to

shareholders by DM 17m to DM 50m, thus being able to tell trade unions that dividends are not going up and also satisfying owners of the shares.

The go-ahead for the rights issue may be given at next week's regular board meeting of Daimler, which now also includes the ARG electrical concern, the MTU engine maker, and Dornier, the aerospace company.

Later last year, DM 3.5m worth of Daimler shares were placed by Deutsche Bank, which took over the privately owned Pöck group and its 10 per cent stake in Daimler.

Tandem sharply higher

By Louise Kehoe in San Francisco

TANDEM COMPUTERS, the California-based computer manufacturer, reported significantly improved earnings for fiscal 1986 and the fourth fiscal quarter ending September 30 despite a generally weak US computer market.

Earnings in 1986 increased by 86 per cent to \$63.8m or \$1.44 per share from \$34.4m or 82 cents per share last year. Revenues increased 23 per cent to \$767.8m from \$624.1m.

For the fourth quarter Tandem reported a 94 per cent rise in net income to \$21.8m of 47 cents per share compared with 1985 fourth-quarter income of \$11.1m of 27 cents per share. Revenues for the quarter grew from \$173.8m last year to \$220.6m in fiscal 1986.

International sales were particularly strong, Tandem said. In the US the market remained "relatively weak" but business grew, the company said.

Amer says sales have been especially strong on the motor side. It says following important capital investment, this division now accounts for more than half of total sales.

Amer lifted by motor division

By Our Financial Staff

AMER, the Finnish motor, communications and tobacco group, reports higher sales and profits for the year ended August 1986 and says the current year will show further progress.

Sales for last year rose by 20 per cent to FM 2.97m (\$430m) and profits before tax increased by 45 per cent to FM 192m. At the per share level, earnings improved to FM 17.4 from FM 14.4.

Chevron hit by slide in sales

By David Blackwell in New York

CHEVRON, the large West Coast oil group, followed the trend in third-quarter oil results with a 15 per cent decline in net profits to \$208m or 61 cents a share from \$245m or 72 cents.

Nine-month earnings also fell by 15 per cent, from \$845m or \$2.71 a share to \$610m or \$2.34 a share. Sales fell more steeply from \$10.3bn to \$8.5bn in the quarter, and from \$34.6bn to \$21.7bn for the nine months.

Mr George Keller, chairman, said the result reflected "the difficult environment in which the oil industry is operating."

Tennessee, the Houston-based conglomerate which has been hard hit by the decline in energy prices, reported a 73 per cent increase in net losses for the third quarter to \$248m or \$1.78 per share, following a \$249 loss from discontinued operations.

Income from continuing operations totalled \$3m - a sharp reduction from the \$75m figure reported in the third quarter of 1985. The loss per common share (after preferred preference dividends) was 9 cents

Founder's son takes over at Dassault

BY PAUL BETTS IN PARIS

MR Serge Dassault, the son of Mr Marcel Dassault who died last April, was yesterday appointed the new chairman of the French Dassault-Breguet aircraft manufacturing group founded by his father. He takes over from Mr Benno-Claude Vallieres who reached retirement at 70.

However, the French Government, which controls the majority votes in the aerospace group, abstained in the election of the new chairman, underlining its differences with the son and heir of the company's founder.

The Government indicated that it had preferred to abstain rather than block the appointment to avoid a deterioration in the already delicate situation at Dassault.

The aerospace group, which makes Mirage jet fighters, recently announced that it would be forced to make job cuts for the first time in its history because of an insufficient level of orders. The company employs nearly 18,000 people and

plans to reduce its workforce by 700.

Since the death of its founder, a power struggle has taken place between Mr Serge Dassault and Mr André Giraud, the French Defence Minister, over management control of the aerospace group. Through his family Mr Dassault owns 49.7 per cent of the shares. The French Government controls 46 per cent of the capital, but effectively controls 53 per cent of the voting rights through the double voting rights of part of its shares.

The Government said yesterday it would seek a "satisfactory compromise" with Mr Dassault over the management structure. It wanted a two-tier management structure for the company with Mr Dassault acting as chairman and an aerospace executive heading a separate executive council.

The Government is now likely to seek to establish a stronger voice for itself inside the Dassault top management structure.

This announcement appears as a matter of record only.

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Swiss Bank Corporation International Limited

October 1986

Bank of Scotland Home Loan Rate

Bank of Scotland announces that with effect from 31st October, 1986, Bank of Scotland Home Loan Rate will be increased from 11.00% per annum to 12.25 % per annum.

Bank of Scotland,
Head Office,
The Mound,
Edinburgh, EH1 1YZ.

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Our Tokyo Subsidiary will offer a full range of capital market products and complement our existing investment banking operations in the Swiss and German capital markets together with those of:

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INTERNATIONAL COMPANIES and FINANCE

Foreigners acquire 15% of MAS

BY WONG SULONG IN KUALA LUMPUR

THE MALAYSIAN Government has successfully sold 52.5m shares of Malaysian Airline System, representing 15 per cent of the airline, to foreign investors — the third big sale of Malaysian blue chips to foreigners within a month.

The MAS shares were sold at the current market price of 4.5 ringgit each, raising 236m ringgit (US\$96.7m).

It is understood that the mandate for the placement of the shares was given to Rashid Hussein Securities, a local firm, but it was not known whether the

shares were given out to preferred buyers or distributed to foreign brokers for placement.

The MAS sale followed the sale of 68m shares in Sime Darby by Peremba, a government property company, and the sale of 47m shares in Consolidated Plantations by Sime itself earlier this month. These sales represent efforts by the Malaysian authorities to stimulate foreign interest in the Malaysian stock market and economy, apart from raising cash.

Dr Daim Zaidin, the Finance Minister, said the keen response by foreign investors towards the sales indicated foreign confidence was returning to the Malaysian economy after the Government's overwhelming victory in last August's general elections.

Local stockbrokers expressed surprise that no discount was given on such a big block of MAS shares. They said the Government had struck a good deal, considering it sold a big portion of its stake in MAS to local investors at 1.8 ringgit per

share when the airline was given a public listing last December.

However, brokers say apart from being attracted by the earnings potential of MAS, foreign investors are finding MAS shares reasonably priced, because of the weak ringgit, particularly compared with the yen and sterling.

Some 30 per cent of MAS was originally floated, and overseas buyers — while excluded from the issue — were subsequently allowed to make purchases in the Kuala Lumpur market.

Fremantle set for A\$500m development

By John McIlwraith in Perth

A LAND release announced in Perth yesterday has paved the way for Western Australia's biggest redevelopment scheme. International expressions of interest are being sought from developers and financiers for a 14-hectare site in Fremantle with a 400 metre frontage to the Swan River.

The site, to be called The Anchorage, is located between Fremantle traffic bridge and Stirling bridge.

Currently used for industrial purposes, the land has been given a "development zone" classification to provide maximum flexibility to potential developers.

The Western Australian Superannuation Board, which has consolidated the land over the past three years, believes that the final development will have a capital value well in excess of A\$500m (US\$321.4m), substantially greater than the A\$300m Burswood Casino project which currently ranks as the state's biggest development.

Mr Len Brush, the board's chairman, said that the expressions of interest would be sought nationally and internationally to ensure that the best possible use was found for The Anchorage. "This is one of the biggest development opportunities which will ever be offered in Western Australia."

A number of design concepts had been prepared, embracing multi-storey residential, commercial and retail, and leisure uses based on a hotel with extensive marina facilities. But Mr Brush added that the chosen developer would have complete freedom of design within normal planning constraints.

Marketing of the anchorage, which is being handled by Richard Ellis, the international real estate company, with a deadline for initial expressions of interest of December 22.

Meanwhile, Perth's tallest building, the landmark St Martins Centre, is to be offered for sale by tender. The announcement was made by Mr Colin Trumble, chairman of St Martins Properties (Australia) developer and owner of the ten-year-old building.

The complex features frontages to St George's Terrace and the Hay Street Mall. Perth's commercial and retail centre. Marketing will include emphasis on overseas investors in light of the recently relaxed guidelines for foreign ownership of Australian property.

"St Martins Centre represents the largest city investment property ever offered for sale in Western Australia's history," said Mr Trumble.

The Australian operations of St Martins are affiliated to the St Martins Property Corporation in the UK, with ultimate control of the group held by the Kuwait Investment Office.

Malaysia drops creditor protection proposal

BY OUR KUALA LUMPUR CORRESPONDENT

BANKS IN Malaysia have reached a compromise with the Government over its controversial proposal to introduce amendments to the Companies Act in the current session of Parliament that would give financial creditors a new form of judicial protection from creditors.

The Government has agreed to drop the amendments in return for an assurance that banks would view the loan problems of ailing companies sympathetically, and refrain from taking winding up action unless absolutely necessary, a senior Finance Ministry official said.

The banks have agreed that as far as possible they would help the troubled companies to find solutions to their debt problems, and in some cases, may convert part of their loans into equity.

Under existing rules, the banks can take up to a maximum of 5 per cent in the equity of a company without prior approval from the Malaysian central bank, and up to 25 per cent of a company's holders' funds can be invested in this manner.

Malaysian banks fear that the proposed amendments, similar to Chapter 11 of the US Bankruptcy Code, would be abused

by companies to avoid their loan commitments, or taking the necessary action to remedy their problems.

The banks, in a memorandum to the Trade and Industry Ministry last month, argued that providing judicial protection to ailing companies would prompt creditors to wind up companies before the Bill becomes law, and would erode business confidence.

The Government feels there are companies which have encountered liquidity problems and are unable to service their loans because of the collapse of the property and stock markets last year. It said these com-

panies should be given a chance to recover.

Meanwhile, banks have welcomed several decisions in the Government's budget last Friday.

These include the creation of a national mortgage corporation to manage the secondary mortgage market due to start next year; the lifting of the exemption limit on the 5 per cent withholding tax on deposits of saving accounts from 1,000 ringgit to 5,000 ringgit; and allowing merchant banks "which satisfy certain prudential criteria" to issue negotiable certificates of deposits.

Strong sales and earnings advance at Edgars Stores

BY JIM JONES IN JOHANNESBURG

EDGARS STORES, the fashion and clothing chain controlled by South African Breweries, has produced results which give one of the first corporate indications that South African consumers are willing to spend the economy out of recession.

Turnover rose by 24 per cent to R428m (\$186.3m) in the 26 weeks to September 27 from R342m in the corresponding period of 1985. Pre-tax profits more than doubled to R35m from R15m.

The directors say that national spending on clothing and footwear strengthened towards the end of the June quarter and has been growing strongly since then. Edgars, they said, has gained market share in both credit (predominantly white) and cash trading sectors.

Interim per share earnings rose to R8.53 from R3.75 and the interim dividend has been lifted to R2.15 from R1.25. The earnings exceeded the total R8.52 in the last full year,

New Zealand group bids A\$78.8m for Hanimex

BY OUR FINANCIAL STAFF

CHASE CORPORATION, the aggressive New Zealand investment company which has been seeking a UK property presence, yesterday turned its attention to Australia and to the consumer goods industry with a A\$78.8m (US\$50.7m) bid for Hanimex, the Sydney-based photographic and audio-visual products group.

Chase, which already claims a 17.7 per cent stake in Hanimex, is expected to offer A\$1.15 a share for all of the

company. The news managed, however, to push Hanimex shares up only 5 cents in Sydney to close at A\$1.

The existing Chase stake is roughly matched by one which Western Continental Corporation of Perth has recently amassed amid a spate of takeover speculation.

Last October Hanimex announced an agreement to take over Vivitar, the California company primarily known for its camera lenses in a deal valued at A\$26.7m.

Fujitsu pre-tax profits fall 79%

BY YOKO SHIBATA IN TOKYO

FUJITSU, the leading Japanese computer maker which in the past week has announced deals with Fairchild of the US and Hitachi, yesterday reported pre-tax profits of ¥7,199m (\$44.9m) in the half year to September, a slide of 79.1 per cent from a year earlier.

Net profits fell 81.8 per cent to ¥4,099m on sales which at ¥688.82bn were barely unchanged from ¥688.86bn for the 1985 first half.

Interim per share net earnings were ¥2.61 compared with ¥15.85. Despite this sharp fall, the company intends to pay an unchanged interim dividend of ¥4.

The earnings decline was attributed to the yen's rise in value and falls in semiconductor chip prices.

In the April-September period, the rise in the yen against the US dollar slashed proceeds from exports by ¥45.5bn. Export sales fell by 27 per cent to account for 17.9 per cent of turnover, meanwhile, domestic sales grew 9 per cent, owing to a 20 per cent growth in sales to Nippon Telegraph and Telephone (NTT), the communications group

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Can \$100,000,000 10% Series B Debentures due 1996
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US\$100,000,000 8 3/4% Series C Debentures due 1994

Notice is hereby given that in accordance with the Terms and Conditions of the Income Warrants the last date for exercise of such Warrants will be 20th November, 1986 and all Warrants remaining unexercised after such date will be cancelled at close of business 21st November, 1986.

Holders of unexercised Interest in the Global Warrant will have their account at Euro-clear or CEDEL credited with interest at the rate of US\$4.875 per Warrant value 21st November, 1986.

Exercise

(a) Warrant holders desiring to exercise any Warrants must deliver to Euro-clear or CEDEL, as applicable, as to be received by 10:00 a.m. (Brussels or, as the case may be, Luxembourg time) on a business day in Brussels or Luxembourg, as the case may be, prior to the Exercise Date (as defined below), a notice (the "Warrant Exercise Notice") in the form required by the Warrant Agreement, which form is available at the office of Euro-clear in Brussels and CEDEL in Luxembourg and at the office of the Warrant Agent:

- (i) specifying the aggregate principal amount of Debentures to be subscribed on the exercise of the Warrants and the date on which the Warrants are to be exercised (the "Exercise Date") (which shall be a business day in New York City and Brussels or Luxembourg, as the case may be, not later than November 21, 1986);
 - (ii) specifying the account number at Euro-clear or CEDEL as the case may be, to which the Warrants being exercised are to be debited on receipt by Euro-clear or CEDEL, as the case may be, of the Warrant Exercise Notice from the Warrant holder (the "Securities Clearance Account") and the account number from which the Exercise Price (plus net interest as aforesaid) in respect of the Warrants being exercised is to be debited, for value on the Exercise Date, on such receipt (the "Cash Account"); and
 - (iii) certifying that the beneficial owner of the Warrants being exercised is not, and the beneficial owner of the Debentures to be issued on exercise of the Warrants will not be, a U.S. person.
- (b) Payment of the Exercise Price (plus net interest as aforesaid) shall be in the lawful currency of the United States of America.
- (c) Delivery of a Warrant Exercise Notice to Euro-clear or CEDEL, as the case may be, shall constitute an irrevocable election by the Warrant holder to exercise the Warrants specified therein and an irrevocable authority to Euro-clear or CEDEL, as the case may be, (i) on receipt by Euro-clear or CEDEL, as the case may be, of the Warrant Exercise Notice, to debit the Securities Clearance Account of the Warrant holder with the Warrants being exercised and to debit the Cash Account of the Warrant holder for value on the Exercise Date with an amount equal to the Exercise Price (plus net interest as aforesaid) in respect of the Warrants being exercised and (ii) on the Exercise Date to credit the Securities Clearance Account of the Warrant holder with an interest in the temporary Global Debentures representing the Debentures equal to the aggregate principal amount of the Debentures being subscribed.
- (d) The Warrant holder shall make such arrangements as Euro-clear or CEDEL may from time to time require to ensure the timely payment to the Cash Account of such Warrant holder with Euro-clear or CEDEL of the Exercise Price (plus net interest as aforesaid) in respect of all Warrants being exercised. If timely payment is not made as aforesaid, neither Euro-clear, CEDEL the Warrant Agent nor the Company shall have any obligation or liability in respect hereof.

By: Warrant Agent



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LATECOERE

Secondary Offering outside France of
110,000 Ordinary Shares
(approximately FF 75,000,000)

Swiss Bank Corporation International Limited

This announcement appears as a matter of record only.

October, 1986

This announcement appears as a matter of record only.

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(Amsterdam, the Netherlands)

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- Algemene Bank Nederland N.V.
- Bank Gutzwiller, Kurz, Bungener (Overseas) Limited
- Commerzbank Aktiengesellschaft
- Pierson, Heiding & Pierson N.V.
- Bank Mees & Hope NV
- Baring Brothers & Co., Limited
- Nederlandsche Middenstandsbank nv
- Swiss Bank Corporation International Limited

October, 1986

Weekly net asset value



Tokyo Pacific Holdings (Seaboard) N.V.
on 27th Oct., 1986 U.S. \$123.71

Listed on the Amsterdam Stock Exchange

Information: Pierson, Heiding & Pierson N.V.,
Herengracht 214, 1016 BS Amsterdam.

AIBD BOND INDICES

	WEEKLY EUROBOND QUOTE OCTOBER 26 1986		12 Months High	12 Months Low
	Redemption Yield	Change on Week		
US Dollar	8.782	-0.250	10.680	8.738
Australian Dollar	14.293	-0.202	14.430	12.830
Canadian Dollar	10.504	0.000	11.704	10.373
Euroguilder	5.826	0.151	6.314	5.204
Euro Currency Unit	8.790	-0.509	9.524	8.164
Yen	6.414	-0.280	7.250	6.207
Sterling	11.403	-0.462	11.932	9.751
Deutschemark	6.463	0.155	7.210	6.318

Bank J. Vontobel & Co Ltd, Zurich - Telex: 812744 JYZ CH

Notice of Redemption
US \$100,000,000

Citicorp Overseas Finance Corporation N.V.
(Incorporated with limited liability in the Netherlands Antilles)
11 1/2% Guaranteed Notes due December 1, 1988
Unconditionally guaranteed by
CITICORP

NOTICE IS HEREBY GIVEN that Citicorp Overseas Finance Corporation N.V. (the "Company") has elected to redeem on December 1, 1986 (the "Redemption Date") all of its outstanding 11 1/2% Guaranteed Notes due December 1, 1988 (the "Notes") at a redemption price equal to the principal amount thereof plus interest accrued to the Redemption Date. On and after the Redemption Date, interest on the Notes will cease to accrue.

The Notes are to be redeemed at the main offices of Citicorp N.A. in London, Brussels, Paris, Frankfurt am Main, Amsterdam, Singapore, Hong Kong, of the main office of Citicorp Investment Bank (Luxembourg) S.A. in Luxembourg, or of the main office of Citicorp Investment Bank (Switzerland) in Zurich.

The Notes should be presented and surrendered at the offices set forth in the preceding paragraph on the Redemption Date with all interest coupons maturing subsequent to said date.

Coupons due December 1, 1986 should be detached and presented for payment in the usual manner.

CITICORP OVERSEAS FINANCE CORPORATION N.V.
By: CITIBANK N.A.
Fiscal Agent

October 30, 1986

European Economic Community

U.S.\$25,000,000

15 1/2 per cent. Bonds 1993

S.G. Warburg & Co. Ltd. announce that Bonds for the nominal amount of U.S.\$25,000,000 have been drawn in the presence of a Notary Public for the redemption instalment due 1st December, 1986.

The distinctive numbers of all Bonds drawn for redemption end with the digit 7 within the range 4997 inclusive.

On 1st December, 1986 there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:

S. G. Warburg & Co. Ltd.
Paying Agency, 6th Floor,
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London EC2M 2PA.

or at the office of one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 1st December, 1986 and Bonds so presented for payment must have attached all Coupons maturing after that date.

U.S.\$17,500,000 nominal amount of Bonds will remain outstanding after 1st December, 1986.

Some of the Bonds drawn for redemption on 1st December, 1985 with serial numbers ending in the digit 5 in the range 5 to 4995 have not yet been presented for payment.

30th October, 1986



THE EUROPEAN INVESTMENT BANK

Invites entries for the

1987 EIB PRIZE

The EIB, the European Community's bank which finances investment to stimulate economic productivity and further European integration, is to award 10 000 ECU's for a doctoral dissertation on investment and financing. The deadline for submission is 1 February 1987.

The rules governing the 1987 EIB Prize have been published in the Official Journal of the European Communities No C 242 of 26 September 1986.

Information should be available at the relevant academic institutions. For further enquiries, please contact Mr Post, European Investment Bank, L-2950 Luxembourg, Tel.: (352) 4379-4223.

INTERNATIONAL CAPITAL MARKETS and COMPANIES

EdF brings long-expected \$125m non-callable deal

By CLARE PEARSON

THREE borrowers rushed through an issuing window in the dollar Eurobond market yesterday as US Treasury bond prices opened firmer. This allowed a long-expected deal for Electricite de France to be finally launched.

The \$125m seven-year non-callable deal, led by Banque Nationale de Paris, was priced with a 7 7/8 per cent coupon and 100 1/2 issue price. These terms looked attractive for a French state-guaranteed name, and the issue traded at a bid price of 98 1/2, within the level of its 1 1/2 per cent fees.

Electricite de France has swapped the proceeds into French and Belgian francs. Elsewhere, Toyota Motor Credit and Ford Motor Credit issued bonds. Toyota's deal was for only three years, taking advantage of demand from investors concerned about the direction of interest rates, for short-dated paper. The \$150m 7 per cent issue, led by Nomura International, was priced at 101. It traded at a bid price of 98 1/2, compared with 1 1/2 per cent fees.

Goldman Sachs International's \$150m five-year bond for Ford Motor Credit carried a 7 7/8 per cent coupon and 100 1/2 issue price. At launch in the morning, the terms gave a yield spread

at launch over US Treasury bonds of 85 basis points, net of full fees, but this widened during the afternoon as US Treasury bond prices rallied. The bond was supported at a discount to issue price of 1 1/2 per cent on the bid side, as against 1 1/2 per cent fees.

In other currencies, Wood Gundy issued a C\$50m seven-year 10 per cent bond for the University of Quebec. Wood Gundy said the issue was meeting slow demand in the face of

a heavy supply of recent Canadian dollar paper. Two issues surfaced in the Ecu market. Dealers say the Ecu market is attracting Japanese, but not European, demand. So an Ecu 70m deal for Long-Term Credit Bank of Japan met firm demand. The issue was priced generously with a 7 7/8 per cent coupon and 100 1/2 issue price. It was led by LCB's Belgian subsidiary, Nippon European.

Morgan Guaranty issued an Ecu 100m 10-year 7 7/8 per cent bond for City of Oslo. The deal has a sinking fund after 1990, giving an average life of seven years. It is priced at par.

Nikko Securities issued a novel "mixed" dual-currency bond for Denmark. The Y16bn issue pays interest at 9 per cent in New Zealand dollars. Eighty per cent of each Y16bn bond is redeemed after 10 years in yen, and 20 per cent in New Zealand dollars.

It will be redeemed after 10 years in both New Zealand dollars and yen. There is a fixed exchange rate of Y81.7 to the New Zealand dollar. The issue is priced at 100 1/2.

Daiwa Europe launched late in the day a \$100m equity warrants bond for Hankyū, the Japanese railway and real estate company. The five-year bond has an indicated 8 1/2 per cent coupon, but pricing will take place on November 4.

In the D-mark market prices moved lower by about 2 per cent compared with a par issue price. Prices of Swiss franc bonds were basically unchanged in low volume. Two issues traded for the first time. Rie Finanze's SFR 155m 4 1/2 per cent 10-year equity warrants issue closed its first day's trading at 97, compared with a par issue price. Co-op's SFR 150m 10-year 5 1/2 per cent bond closed at 99 1/2, compared with a par issue price.

Credit Suisse issued a two-tranche bond for the World Bank. There is a 35-year zero-coupon tranche raising about SFR 100m with an indicated price of 14.73 to give a yield of 5 1/2 and a SFR 150m tranche bond with an indicated 5 1/2 per cent yield.

The World Bank's seasoned 30-year zero-coupon bond traded yesterday at 21, to yield 6.58.

Lloyds Bank issued a SFR 140m seven-year equity warrants bond for Tata and Lyle, the UK sugar company, in its first international bond issue.

The seven-year bond has an indicated coupon of 4 per cent, but pricing will be finalised on November 13. The warrant premium is expected to be 20 per cent. The bonds will be swapped into sterling.

Roderick Oram on the conversion of \$4bn in vehicle loans into tradable notes First Boston speeds securitisation evolution

EVERYTHING about First Boston's recent \$4bn note issue was big, including the rumors. One competitor was sure that the Wall Street securities firm had checked the credit worthiness of each of the \$66.818 vehicle loans backing of the notes.

Although such unnecessarily minute examination was not performed, the extremely complex deal took 20 First Boston employees six months to put together for General Motors. It tied for the record of the world's largest credit market offering with the \$4bn floating-rate notes for the British Government managed last month by Credit Suisse First Boston, the Euromarket affiliate of the Wall Street firm.

First Boston believes the US issue, called an asset-backed obligation, marked a significant evolution in securitisation, the rapidly accelerating trend of turning debts into tradable securities. More important than the deal, however, was the making of the issue attractive to a wide range of investors which in turn First Boston hopes will help it sell other issues backed by more diverse corporate receivables in consumer fields such as credit cards.

To increase investor appeal the notes contained three main innovations, by First Boston, a pioneer in using assets as collateral for credit market issues beginning with mortgages about 10 years ago.

The first two innovations depended on the development of very complex computer programs which took up much of the issue's six-month development period. Half the issue's

development team came from First Boston's mortgage securities department which is highly experienced in computer techniques.

Other preparations included working with credit agencies to ensure the notes would attract triple A ratings and working with First Boston's sales and trading organisations to open up the widest customer base.

The effort appeared to pay off when the issue was launched. Strong demand allowed First Boston to raise its value to \$4bn from \$3.5bn and to price the notes aggressively despite a softening of the markets to yield between 6 1/2 and 8 1/2 basis points more than Treasury securities of similar maturities.

Mr Anthony Dub, the managing director in charge of First Boston's asset finance group, said that 25 per cent of the notes went into bank portfolios; 25 per cent to investment advisers and money managers; 25 per cent to mutual funds, including money market funds; 10 per cent to US savings and loan associations, pension funds and corporate treasuries.

Mr Gordon Samardich, executive vice president of GMAC, said the issue appealed to his company because it took the assets off its books and eliminated the interest-rate risk to GM.

grouped the loans on a random basis in pools, most with nationwide diversity to minimise risks. In fact the default rate on vehicle loans runs at only around 0.5 per cent to 0.6 per cent, Mr Samardich said.

Moreover, these loans were of particularly high quality because they were written under General Motors' low-interest financing promotion offering interest rates of 2.9 per cent for three-year loans and 4.8 per cent for four years. Mr

Samardich said the promotion attracted buyers who would normally pay cash. Enticed by the promotion, however, they are keeping their savings in high yielding savings accounts while paying the low interest rate loans.

GMAC is committed to buy back from First Boston all defaulted loans up to 5 per cent of the total and the issue is also backed by a letter of credit from Credit Suisse.

Both GMAC and First Boston believe the complexity of asset-backed issues, particularly for investments in GMAC for the loans, the cheque was so large it had to be syndicated.

Smaller deals will at least remove one complexity of the GMAC deal. When it came time for First Boston to pay GMAC for the loans, the cheque was so large it had to be syndicated.

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INTERNATIONAL BONDS

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\$135m high-yield debt to fund Liggett purchase

By CLAY HARRIS

THE PURCHASE of Liggett Group, the US tobacco company, has been financed by private placing of \$135m in high-yield debt arranged by Drexel Burnham Lambert, the US securities house.

L Holdings, a private company controlled by Mr Bennett Le Bow, a US investor and financial consultant, paid Britain's Grand Metropolitan \$137m for Liggett in a sale announced on Tuesday.

Drexel said yesterday that the placing comprised \$100m in short-term senior debt, with maturities of three months to two years, \$25m in eight-year senior subordinated notes and \$10m in ten-year subordinated notes.

It did not disclose the yields on the securities. Drexel, with London-based Qualex Securities, also acted as financial adviser to L Holdings.

Second stage of Liffe link starts at SFE

By Alexander Nicol

THE SYDNEY Futures Exchange today inaugurates the second leg of a link-up launched last week with London International Financial Futures Exchange (LIFFE) in London.

It is introducing a futures contract based on three-month Eurodollar deposits which will be identical to and interchangeable with LIFFE's Eurodollar contract. Dealings in Sydney, like those for the US Treasury bond contract started last week, will be cleared along with LIFFE's at the International Commodities Clearing House (ICC) in London.

As a result of the link, positions opened on one exchange can be closed later the same day on the other with one set of dealing costs and margin requirements. An order can be placed on either market until market movements trigger its execution.

Life said yesterday that it had been encouraged by the first few days of trading even though Sydney's T-bond volume had been very small on some days.

Business had been spread quite widely among Sydney members, among whom all but one of the clearing firms had made arrangements with Life clearing members. Some Japanese interest had also been seen.

A Eurodollar contract is designed to appeal to a different market, particularly banks.

One Dome creditor makes stand against waiver plan

By BERNARD SIMON IN TORONTO

BAYERISCHE Landesbank of West Germany, has become alone among Dome Petroleum's 56 international creditors, by refusing to grant the struggling Calgary oil producer waivers on interest and principal repayments due on the bulk of its C\$6.5bn debt.

Dome said that all other lenders have agreed to extend waivers given earlier this year until June 30, 1987, while negotiations proceed on a sweeping recapitalisation plan.

Bayerische Landesbank, which is owed C\$1m, has refused to release Dome from two semi-annual instalments of C\$400,000 each. One was scheduled to be made on September 30 and the other next March.

Bayerische lent the funds to Dome to help finance the purchase of heavy equipment for exploration in the Beaufort Sea, off Canada's Arctic coast. The bank contends that the loan was a form of trade finance, and that it should be treated as a normal trade creditor.

The German bank appears now to have three options. It can change its mind about a waiver, simply ignore Dome's refusal to pay, or take the company to court, possibly triggering the liquidation which Dome and its other creditors want to avoid.

SecPac buys \$65m of Chile's foreign debt notes

By MARY HELEN SPOONER IN SANTIAGO

SECURITY PACIFIC, the Californian bank, is to buy \$65m of Chilean foreign debt notes, to be exchanged at face value for pesos for investments in Chile, Mr Francisco Garcés, international director of the central bank, said yesterday.

Last year the central bank began selling the country's foreign debt notes at a discount in an effort to direct to Chile's benefit, some of the losses international banks were willing to take on foreign loans. It exchanged the dollars paid for the notes for Chilean pesos equivalent to the notes' full value.

The notes' selling prices has fluctuated between 65 and 68 per cent of face value on the international market, and they have attracted a number of foreign companies interested in investing in Chile.

Security Pacific's debt note purchase represents the largest single transaction to date under the central bank plan. Another US bank, Bankers Trust, recently converted \$60m of its own loans to Chile for local investment, including the purchase of 51 per cent of the shares of a private pension fund company.

According to Mr Garcés, Security Pacific executives are considering investing the peso funds in Chile's financial sector.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on October 29

Table with columns for US DOLLAR, STRAIGHTS, and DEUTSCHE MARK. It lists various international bonds with their respective prices and yields.

First Interstate medium-term issue altered

By Our Euromarkets Staff

FIRST INTERSTATE has altered the structure of the \$150m medium-term programme already in place in the Euro-markets for its parent, First Interstate Bancorp. Credit Suisse First Boston, which designed the new structure, has been appointed as an additional dealer.

First Interstate was the first borrower to launch in Europe a medium-term note programme, in which paper is offered continuously, as for commercial paper, but for longer and varying maturities.

However, amounts issued are believed to have been quite small and the borrower is not issuing debt at present because of its bid for BankAmerica.

The latest change illustrates the continuing experimentation with the new market. As well as making issues of any maturity depending on investors' precise needs, First Interstate is adding predetermined maturity dates in any given year, with the interest rate for notes maturing on each date being fixed. This is intended to improve liquidity of the paper.

Merrill Lynch International and First Interstate Capital Markets remain as dealers.

\$1bn Bank of Yokohama CD

By Our Euromarkets Staff

BANK OF YOKOHAMA, Japan's largest regional bank, yesterday became the latest Japanese bank to arrange a large certificate of deposit programme in the Euromarkets.

Its \$1bn multi-currency programme is being arranged by First Interstate Capital Markets and other dealers are Bankers Trust International, Faine Weber International, Shearson Lehman Brothers International and S. G. Warburg.

Advertisement for TDK Corporation featuring the text 'NEW ISSUE', 'U.S. \$150,000,000', '3 3/4 per cent. Bonds 1991 with Warrants', and a list of international financial institutions.

INTERNATIONAL COMPANY NEWS

Mellon Bank Corporation is pleased to announce the opening of a new Capital Markets subsidiary:

Mellon Securities Limited

To provide high quality Eurosecurities underwriting services to our key customers and to engage in secondary market sales and trading of Eurosecurities.

Martin Pingsgraff
Managing Director

John P. O'Driscoll
Director, Corporate Finance

Matthew S. Hudzinski
Director, Securities Trading & Marketing

Mellon Securities Limited
6 Devonshire Square
London, England EC2M 4LB
Telephone: General 01 220 7073
Dealing 01 621 0508
Telex: 8812182



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SKF sees flat profits for 1986

By Sara Webb in Stockholm

SKF of Sweden, the world's leading manufacturer of roller bearings, reported a 4.3 per cent drop in profits (after financial costs) to SKr 1,073bn (\$154.6m) for the nine months ending September.

Sales rose 4.1 per cent to SKr 15,302bn against SKr 14,7bn in the corresponding period last year.

The group expects figures for the full year to be on a level with those from 1985, when profits reached SKr 1,379bn and sales totalled SKr 17,756bn.

Demand for rolling bearings was below the expected level and the contribution to group income was SKr 737m compared with SKr 827m in the same period last year.

Invoiced sales for ball and roller bearings rose 5 per cent to SKr 11bn, of which more than half was due to the acquisition of MRC in the US during the summer and of SKF Espanola a year ago.

Demand for cutting tools improved and the tools division showed a strong increase in sales in the third quarter to SKr 360m, against SKr 200m in the third quarter last year, largely due to the acquisition of the West German tools company, Prototyp-Werke.

BANCO LATINOAMERICANO DE EXPORTACIONES, S.A.
US\$50,000,000
FLOATING RATE NOTES
DUE 1990

In accordance with the provisions of the Notes, notice is hereby given, that for the six months interest period from October 30, 1986 to April 30, 1987 the notes will carry an interest rate of 7 1/4% per annum. The amount payable on April 30, 1987 against Coupon No. 4 will be US\$37.05 for Bearer Notes of US\$10,000 principal amount and US\$370.45 for Bearer Notes of US\$100,000 principal amount. US\$37.05 will be payable on each US\$10,000 principal amount of Registered Notes.

October 30, 1986
THE CHASE MANHATTAN BANK, N.A.
LONDON, AGENT BANK.

FRENCH GROUP APPEARS UNCONCERNED OVER TELEFONICA'S THREAT TO WITHDRAW CGE takes pragmatic approach

BY PAUL BETTS IN PARIS

COMPAGNIE GÉNÉRALE d'Électricité (CGE), by moving to take a majority stake in its telecommunications venture with IIT appears to be adopting a pragmatic approach to the latest threats by Telefonica of Spain to withdraw its application for a 10 per cent stake in the joint project.

CGE does not give the impression that it would be greatly bothered if the Spanish deal fell through since it regards IIT's Spanish operations as one of the weakest links in the proposed venture.

The Spanish operations of IIT lost \$19.1m last year and are expected to lose even more this year. Together with IIT's US telecommunications operations, which lost about \$77m last year but are expected to lose less this year, all the other IIT telecommunications interests being absorbed in the joint venture are profitable.

Overall, these operations earned \$106m on sales of \$4.9m last year, while the IIT European operations

alone earned \$148m on sales of \$3.2bn. IIT's Italian interests are expected to show reasonable profits this year, while Standard Elektrik Lorenz (SEL), IIT's West German subsidiary, is expected to achieve strong profit growth having earned \$45.3m last year.

A restructuring of the original deal is likely to increase the overall cost of the operation for CGE. The French group and its European partners are due to pay IIT \$1.1bn by the end of this year for their share of the deal. CGE had expected to fund \$600m of the total with the remaining \$500m coming from Société Générale de Belgique and Telefonica of Spain.

CGE has already lined up the \$600m and appears confident it can put together the additional \$500m should Telefonica decide to pull out. The French group displays confidence over the financing of the operation which it claims should pose no major problems due to the strength of its balance sheet.

Moreover, CGE is hoping to be privatised in the second half of next year, which will enable it to raise new equity to reduce debt levels. At the same time the 10 per cent decline in the value of the dollar since the deal was first agreed has reduced the franc cost of the operation for CGE.

For Mr Pierre Suard, CGE's new chairman, the key challenge and risks of the operation are the management and industrial implications of the venture. It is clear that its success or failure will depend on CGE's capacity to reorganise and absorb the managements and operations pooled together in the new telecommunications concern.

The other challenge involves the future industrial prospects of IIT's System 12 digital exchange, which is now coming into the orbit of the new joint venture. At the same time, the eventual restructuring of the loss-making Spanish operations, if they remain part of the deal, and a rationalisation of the loss-making US opera-

tions of IIT will also pose a difficult management problem for the CGE chairman.

To cope with all these problems, Mr Suard is now seeking to ensure that he will be firmly in the driving seat of the ambitious telecommunications regrouping.

Mr Suard also faces important challenges inside the CGE group. Although his priority and his full attention is being devoted to the IIT deal, strategic decisions will also have to be taken at Alstom, the large heavy engineering group controlled by CGE, which is suffering from the world decline in large international export orders.

Another looming challenge for Mr Suard is the privatisation of CGE. This is likely to excite many appetites and fuel an inevitable power struggle around a group which, after the IIT deal, will employ about 240,000 people, have sales of FFr 140bn (\$21bn) or more, and have interests and assets spread throughout the world.

AGA eyes Dutch gas producer

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

AGA, the Swedish industrial gas company, is seeking to take over Maschinenbau Rommenboeller, the Dutch gas producer, in a deal worth about Fl 260m (\$124m).

AGA has already won support for the deal from eight shareholders linked to the Rommenboeller family who control more than 50 per cent of the equity.

Rommenboeller is chiefly a producer of carbon dioxide and is the market leader in the Netherlands

and West Germany. It also has subsidiary interests in the engineering and soft drinks industries.

Last year the company had net earnings of Fl 15.1m on a turnover of Fl 185.9m.

AGA is paying a heavy premium over the market price for Rommenboeller and is bidding Fl 3,200 per share compared with a recent trading price of about Fl 1,990.

AGA is currently the fifth largest industrial gas company in the world

Sierra Leone deal denial

BY KENNETH MARSTON, MINING EDITOR, IN LONDON

THE Sierra Leone Government has denied that it has signed an agreement with Afro-West Mining, the small Australian exploration company.

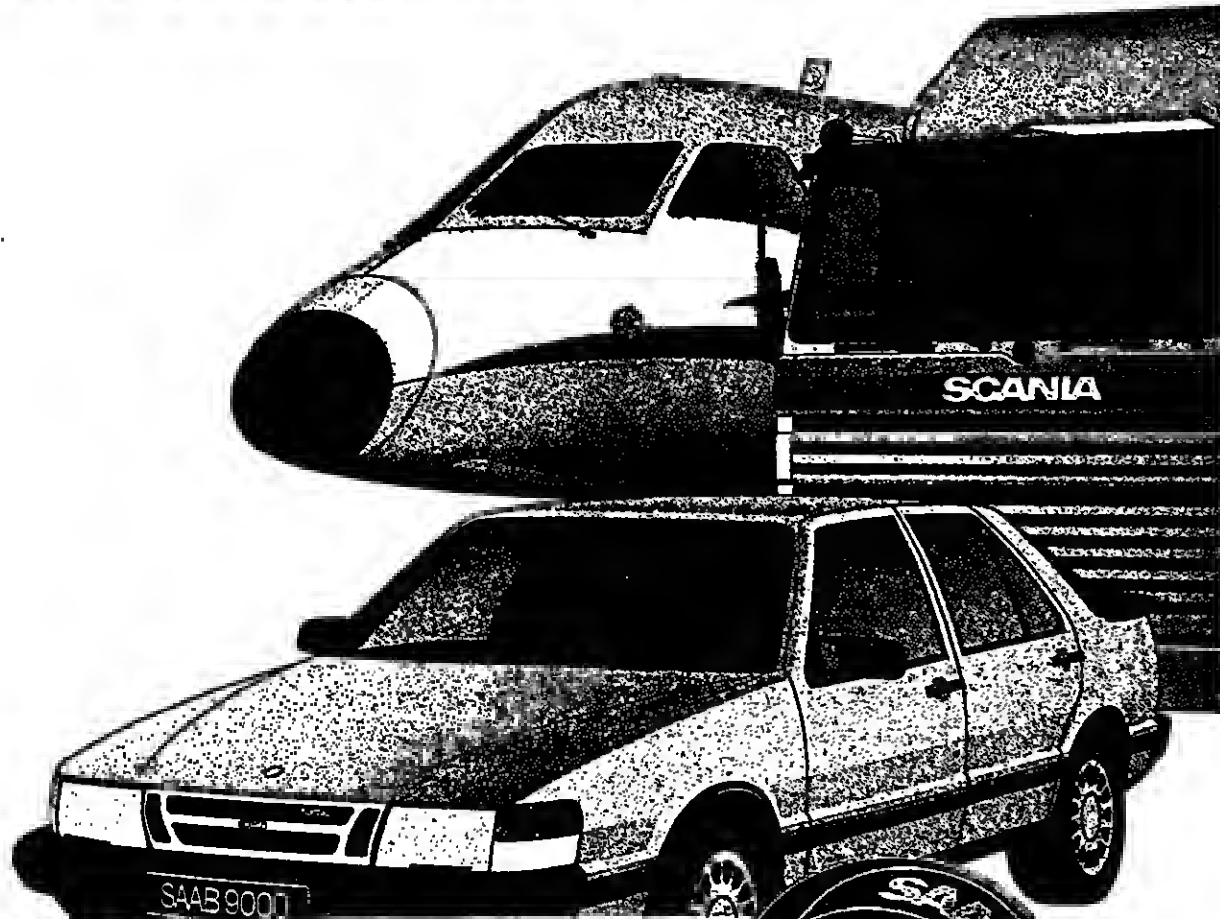
Last week Afro-West announced that it had signed an exclusive agreement with the Government of the Republic of Sierra Leone to secure the finance necessary to bring the Koidu Kimberlite diamond mining project there into production.

Yesterday, however, the Govern-

ment stated that "notwithstanding very preliminary discussions held with representatives of Afro-West on the 8th and 10th of October 1986, as has been held previously with a number of other potential investors, no agreement has been signed between the Government of Sierra Leone and Afro-West Mining Limited."

In London yesterday shares of Afro-West lost 1p (1.4 cents) to 14p.

- Sales SEK 22,599 m. (19,971), +13 percent
- Income SEK 1,935 m. (1,616), +20 percent
- Return on Total Assets 14.0 percent (15.8)
- Income per Share SEK 40.45 (33.60)



Extract from the Interim Report January-August 1986

Sales and Income: Consolidated sales during the first eight months amounted to SEK 22,599 m. (19,971), an increase of 13 percent compared with the corresponding period last year. Foreign market sales increased by 21 percent to SEK 15,125 m. (12,538), corresponding to 67 percent (63) of total sales. Exports from Sweden increased by 30 percent to SEK 10,703 m. (8,238).

Order bookings amounted to SEK 21,700 m. (20,760). Consolidated order backlog at the end of the period was SEK 20,500 m. (19,650).

Income after financial income and expenses totalled SEK 1,918 m. (1,610). Income before appropriations and taxes increased by 20 percent to SEK 1,935 m. (1,616), corresponding to 8.6 (8.1) percent of sales.

Income per share (after 50 percent taxes) for the period amounted to SEK 40.45 (33.60).

Pre-tax return on total assets for the last twelve-months period amounted to 14.0 percent (15.8). The pre-tax return on total assets, non-interest-bearing liabilities excluded, was 20.0 percent (22.5).

Capital Expenditures: Capital expenditures for property, plant and equipment amounted to SEK 1,317 m. (1,098). The two automotive divisions accounted for SEK 1,050 m. (902).

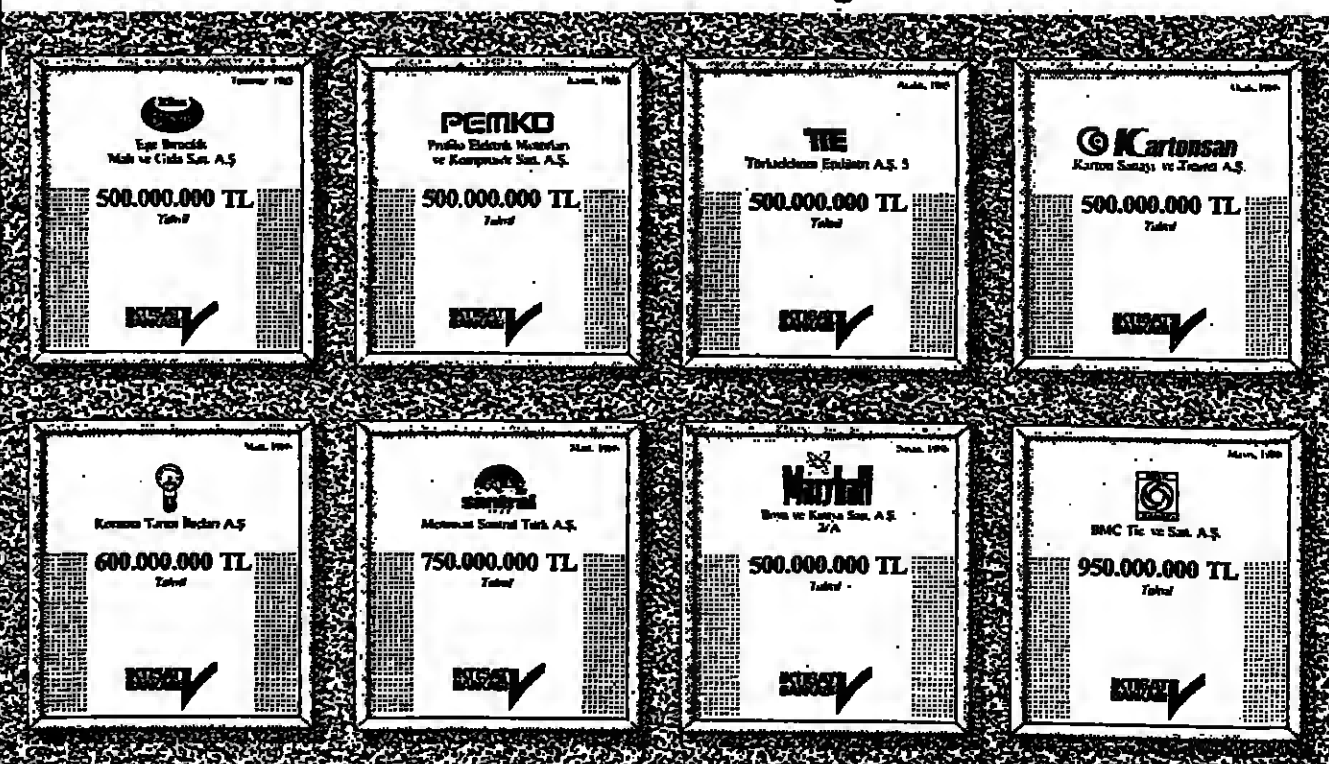
Forecast for 1986: The earlier submitted forecast will be exceeded and income of the Saab-Scania Group is estimated to be somewhat in excess of SEK 3,000 m. (2,776).

The year-end report will be issued on February 25, 1987.

For further information please write to: Saab-Scania AB, Corporate Communications and Public Affairs, S-581 88 Linköping, Sweden.

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UK COMPANY NEWS

Tesco's £65m tops expectations

BY ALICE RAWSTHORN

Tesco, the multiple retailing group, surged ahead of City expectations yesterday by unveiling a 40 per cent increase in interim pre-tax profits to £65.4m, reinforced by healthy growth in profit margins.

These results are a vindication of all the work we have done in the last few years," said Mr Ian MacLaurin, Tesco's chairman. "We have projected Tesco from its old and once successful base, through static profits in the early 1980s, to much more acceptable margins and a better business overall."

In the six months to August 8 turnover rose by 6.5 per cent to £1,588m (excluding VAT). Existing stores produced real growth of 5 per cent and new stores 6 per cent. Tesco attributes this improvement to the broadening of its customer base — to include more upmarket consumers — and the upgrading of its product range.

Operating profits increased by 40.5 per cent to £54.5m. Operating margins — traditionally one of Tesco's weaknesses — rose from 2.6 to 3.4 per cent. Net margins increased from 3.1 to 4.1 per cent.

Earnings per share increased to 9.79p (8.96p) excluding the net surplus on property sales. The board proposes to pay an interim dividend of 2.55p (2.1p).

Mr MacLaurin said that the improvement in margins was fuelled by the combination of the benefits of new technology, which improves the flow of sales data; an improved distribution system; and the change in merchandise mix towards more expensive, esoteric products.

Tesco is now in the throes of an active expansion programme. Four new stores have opened so far this year. The company now operates 941 outlets, 114 of which are superstores.

In the second half seven new stores will open and one outlet will be extended. The store closure programme continues, although the rate of closure is beginning to slow down. Tesco gained £2.5m (£2.5m) from the net surplus on property sales in the first half.

Mr MacLaurin dismissed speculation that Tesco was considering accelerating its expansion programme by mounting a bid for the UK arm of the Safeway supermarket chain.



Mr Ian MacLaurin, chairman of Tesco.

He added, however, that the company might consider a bid "if and when" Safeway came on to the market.

The company plans to continue to improve its distribution facilities. Two warehouses will close in the next few months. In March work will begin on a

£20m two-year project to build a new corporate headquarters in Chesham, Hertfordshire.

Tesco is introducing a profit sharing scheme in order to give employees an incentive. "We have been a bad employer in the past," said Mr MacLaurin, "but we intend to be much better in the future."

comment

Tesco's tale of its transition from the "pile it high, sell it cheap" ethos to the model, modern retailer is all too familiar to the City. Yet this set of results — in which the benefits of a higher quality product profile were buoyed by the pragmatic advantages of tighter management and greater efficiencies — persuaded analysts to listen all over again. The share price fell, inexplicably, by 9p to 405p yesterday. Although Tesco's share traditionally rises ahead of results and falls in the aftermath, most profit projections were hastily upgraded to £160m for the full year and enthusiastic analysts were even disposed towards dismissing the prospective p/e of 16.5 as undemanding.

Grosvenor recommends £9m offer from Hollis

BY DAVID GOODHART

THE BOARD of Grosvenor Group, the troubled electronics and engineering company, yesterday decided to recommend the £9m offer from Hollis, the furniture and timber subsidiary of Mr Robert Maxwell's Pergamon Press.

A few hours earlier the BBA group had called off its own £8m bid which had last month been accepted by the Grosvenor board prior to the higher offer from Hollis.

Mr Gordon Hazard, chairman of the Grosvenor Group, said that the new offer was "reasonable" and added that he had been impressed with the Hollis plans for Grosvenor.

"Hollis is building a new industrial operation and we believe that Grosvenor will make an excellent nucleus. They will have the resources to back up companies like Floform and Lock," he said.

Hollis, which is 80 per cent controlled by Pergamon, has recently been divided into two parts and these parts, headed by Mr Colin Robinson, has become the vehicle for Mr Maxwell's new ambitions to expand into engineering. Earlier in the month Hollis acquired a controlling stake in Strickland and Pitt, the loss-making Bath-based crane maker.

Hollis has made it clear to Grosvenor that it might like to stop the continuing negotiations with the US-based Emerson Corporation over the sale of the Grosvenor subsidiary, Backer.

BBA has received acceptance from holders of 12.7 per cent of Grosvenor in addition to the 6.5 per cent it held itself. However, in view of its recent redundancy announcement and the likely impact on profits it clearly felt unable to outbid Hollis.

Abaco acquires Lambert Smith for up to £12.5m

BY CHARLES BATCHELOR

Abaco Investments, the financial services group is keeping up the rapid pace of acquisitions with an agreed offer worth up to £12.5m for Lambert Smith & Partners, a consultant surveyor and valuer.

Lambert has offices in the West End of London, Glasgow and Leeds employing 54 people. It made a profit of £868,000 before tax and non-recurring items on turnover of £2.2m in the year ended February 1986.

Abaco plans to put Lambert together with chartered surveyors Anthony Brown Stewart, which it acquired last May, to form the basis for a commercial estate agency and surveying business. The commercial divisions of two recently acquired estate agents, Bridgers and Messenger May Baverstock, will also be brought into this grouping.

Lambert specialises in shop, office and investment agency work, acts as consultant to commercial clients and has a large rent review and management section.

Anthony Brown provides a full range of professional services and manages commercial and industrial property for institutional and banking clients.

Lambert is the latest and potentially the largest in a series of acquisitions by Abaco, to build up a range of professional services in the property and financial services fields. British & Commonwealth Shipping has a 27 per cent stake in Abaco.

Consideration will be £8.5m in cash, with an additional £3.5m — including £2.5m in shares — if Lambert's profits reach £1.04m in the year ending February. The deferred payment will be increased to a maximum of £8m if profits reach £1.5m.

Throgmorton £8m rights

BY TERRY POVEY

Throgmorton Secured Growth Trust has announced an underwritten £8.1m rights issue of its income shares — on a 13 for 10 basis at 65p — and plans to buy in most of the outstanding capital and debenture stock.

The effect of these moves will be to repay the loan stock to be repaid two years early and for an increase in TSGT's net asset value as of July 31 to 537.7p from 389.9p. For income shareholders and dividend for 1986-87 will be increased to 5p (from 4.25p), producing a forecast gross yield of 10.4 per cent at the 65p issue price of the new shares.

TSGT believed that the planned 1988 tender repayment of £3.5m of £1 loan stock would not be in the interest of holders of either the capital or the income shares. It was therefore proposing to use £3.46m of the rights proceeds to repay the capital loan stock at 99p per £1 unit with the 1p remaining to be converted into capital shares.

The trust's £12.5m gilt holdings would be sold to repay at par the outstanding £4.3m of 1988 7.375 per cent debenture stock.

York Trust expansion

BY CLAY HARRIS

York Trust, the USM-quoted investment group, has taken its first step into offshore finance with the purchase of Jersey-based Centurion Management Services.

Centurion specialises in the creation and administration of offshore companies and trusts. Its position in the expatriate market will be an important addition to the financial services offered by the former York & Equity group, Mr Neil Balfour, chairman, said yesterday.

York's roots lie in finance for small to medium companies. Last month it moved into personal financial services with the £3m acquisition of Richards Longstaff, the unit trust and pensions consultants.

York has paid an initial £750,000 for Centurion, in the form of 1.25m newly-issued ordinary shares. It will pay up to £1.25m more depending on profits over five years.

Centurion, which receives fees for advisory services rather than actively managing funds, had pre-tax profits of \$88,000 in the year to June 30. York shares closed yesterday unchanged at 62½p.

Appleyard

Prudential Portfolio Managers has raised its stake in Appleyard Group, Yorkshire-based motor dealer, to 9.22 per cent. Appleyard has disclosed a possible bid approach and the purchase of an 8.87 per cent stake by a concert party led by Sunderland motor dealer T. Cowie.

BOARD MEETINGS

TODAY	Nov 5	Nov 6	Nov 7	Nov 8	Nov 9	Nov 10	Nov 11	Nov 12
Interline—A and M, Airflow Streamlines, Atlantic Resources, Henry Boot, Capital Gearing Trust, Horrocks, Costa Brothers, Ellis and Goldswain, Harris, Queensway, Pevon International, Portsmouth and Bournemouth Newspapers, Redland.	Hellier Bar	Bunleigh Electronics	Whitbread Investment	Verity	Finlay	GPC Capital	Sayson Investment	Sheffield Brick
Finlay—Morton Brothers, Nohon, Proceeding Radio, J. Smart (Contractors), TR Australia Investment Trust.								

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Public Works Loan Board rates

Years	Effective October 29		Quota loans repaid at maturity		Non-quota loans A* repaid at maturity	
	by EIPP	A2	by EIPP	A2	by EIPP	A2
Over 1, up to 2	111	111	111	111	111	111
Over 2, up to 3	111	111	111	111	111	111
Over 3, up to 4	111	111	111	111	111	111
Over 4, up to 5	111	111	111	111	111	111
Over 5, up to 6	111	111	111	111	111	111
Over 6, up to 7	111	111	111	111	111	111
Over 7, up to 8	111	111	111	111	111	111
Over 8, up to 9	111	111	111	111	111	111
Over 9, up to 10	111	111	111	111	111	111
Over 10, up to 15	111	111	111	111	111	111
Over 15, up to 25	111	111	111	111	111	111
Over 25	111	111	111	111	111	111

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Reed International - strong first half

'This has been an important half-year for Reed International. A number of major developments have taken place and the company has had an excellent first half.'

LESLIE CARPENTER, CHAIRMAN

- * Profits up 57%
- * Interim dividend up 38%
- * All operating groups increased their earnings
- * Strong profit growth in UK publishing
- * Recent major emphasis on US publishing with US \$250 million acquisition of Technical Publishing
- * Manufacturing profits up with strong performance from paper.

INTERIM STATEMENT			
Year to	£ million (unaudited)	Half-year ended	
31 March 1986		28 Sept 1986	29 Sept 1985
1931.1	Turnover	923.5	969.7
153.0	Profit before interest and taxation	84.8	59.1
137.4	Profit before taxation	80.2	51.1
95.3	Profit after taxation	52.5	29.8
19.9p	Earnings per ordinary share	10.9p	6.2p

Year to	TRADING PROFIT	Half-year ended	
31 March 1986	£ million (unaudited)	28 Sept 1986	29 Sept 1985
30.2	Reed Publishing UK	18.2	11.7
37.0	Reed Publishing USA	10.1	9.2
7.0	Consumer Publishing	10.3	2.4
18.9	Print and DFI	12.9	9.3
27.4	Packaging	14.0	12.4
14.9	European Paper	10.8	3.8
14.2	North American Paper	9.4	8.0
7.9	Reed Trading	2.9	2.7
(5.6)	Central Items	(4.6)	(3.7)
151.9	Continuing activities	84.0	55.8
(1.7)	Discontinued activities		3.1
150.2		84.0	58.9

A copy of the Interim Statement, which has been sent to shareholders, may be obtained on request from Corporate Relations, Reed International P.L.C., Reed House, 83 Piccadilly, London W1A 1ET.

This advertisement is issued in compliance with the requirements of The Stock Exchange.



ANHEUSER-BUSCH COMPANIES, INC.

(Incorporated with limited liability in the State of Delaware in the United States of America)

Introduction to The Stock Exchange, London

Sponsored by Cazenove & Co. and Dillon, Read Limited

Anheuser-Busch Companies, Inc. is a diversified corporation whose subsidiaries include the world's largest brewing organisation and the second largest producer of fresh baked goods in the United States. Other subsidiaries operate in the fields of container manufacturing and recycling, malt and rice production, international beer brewing and marketing, wine, non-alcoholic beverages, snack foods, baker's yeast, family entertainment, real estate development, major league baseball, stadium ownership, creative services, rail car repair and transportation services, and metalised label printing.

The Council of The Stock Exchange has granted permission for 294,956,036 issued shares of common stock of U.S.\$1.00 par value of Anheuser-Busch Companies, Inc. to be admitted to the Official List. Dealings in such shares of common stock will commence at 9.00am on 30th October, 1986. The issued shares of common stock of Anheuser-Busch Companies, Inc. are already listed on the New York Stock Exchange and are registered pursuant to section 12(b) of the Securities Exchange Act of 1934 of the United States of America.

Listing Particulars relating to the Company are available in the statistical services of Extel Statistical Services Limited and may be obtained until Monday 3rd November, 1986 from The Company Announcements Office of The Stock Exchange and until Friday, 14th November, 1986 from:

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England

30th October, 1986

This announcement appears as a matter of record only.

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Property Financing Transaction

£100,000,000

Arranged by

ANZ MERCHANT BANK LIMITED

Term Loans provided by

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Barclays Bank PLC
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Samuel Montagu & Co. Limited
National Westminster Bank PLC

Agents

ANZ Merchant Bank Limited

October 1986

UK COMPANY NEWS

Reed profits surge 57% to £80m

BY TONY JACKSON

Reed International yesterday confirmed its status as a born-again growth company with a 57 per cent jump in pre-tax profits for the half year to September from £51.1m to £80.2m. The stock market was again caught unaware by the results, and Reed shares surged by 16 per cent to close 41p higher at 291p, after a record 294p.

The two chief contributors to the improvement were the European paper business and consumer magazines in the UK. Results were also helped by a reduction in pension contributions worth around £7m compared with the first half of last year.

The consumer publishing division more than quadrupled its profits from £2.4m to £10.5m. Mr Les Carpenter, Reed's chairman, said "we have taken out around 550 staff, year on year, and we have sold ten titles which were not profitable. We have also made considerable savings in production costs, due to a lot of big printing contracts coming up for renewal. But it's still a

PROFITS BY DIVISION	Six months to	
	Sept 28 1986	Sept 29 1985
	£m	£m
Reed publishing UK	18.2	11.7
Reed publishing US	10.1	9.2
Consumer publishing	10.3	2.4
Paint and DIY	12.9	9.3
Packaging	14.9	12.4
European paper	10.8	3.8
North American paper	9.4	8.0
Reed trading	2.9	2.7
Central items	(4.6)	(3.7)
Continuing activities	84.0	53.8
Discontinued activities		3.1
Trading profit	84.0	58.9

tough circulation market, though the erosion seems to have stopped."

Profits from European paper — of which some 80 per cent arise in the UK, the rest in Holland — were almost tripled, from £2.8m to £10.8m. Mr Carpenter said this was due to a combination of cheap raw materials — waste paper in particular — and a reasonable market.

"I think in the second half we will possibly see some increase in raw materials, power

costs edging up slightly, and the market place tougher," he said. "I would expect the first half to be significantly better than the second."

The packaging division had a flat first half, with a profit rise from £12.4m to £14m, being wholly accounted for by the division's £1.7m share in reduced pension contributions.

Mr Carpenter said "there was no growth in volume for corrugated cases, and it is still a tough market as it has been for the past couple of years."

Our plastics packaging is growing strongly, but that's still relatively small."

In the US, publishing showed only modest profits growth in sterling, from £9.2m to £10.1m. In dollar terms, however, the division grew by 28 per cent, or by 16 per cent before a three-month contribution of £1m from the recent acquisition of American Baby.

Group sales overall were down by 7 per cent, from £615.8m to £570m, largely because of disposals. Earnings per share were 76 pence ahead at 10.5p, and the dividend was raised by 38 per cent to 2.25p net.

The company said this was partly to adjust the balance between the interim and final dividend.

Mr Carpenter hinted at full year profits in the region of £180m pre-tax. Last year, he made 38 per cent of our pre-interest profit in the first half," he said. "This year, it will probably be around 42 per cent or 43 per cent. The interest charge, he said, should be similar to last year's."

See Lex

United Newspapers £21m US disposal

By Niklas Tait

United Newspapers, publisher of the Daily and Sunday Express and the Star, is selling its New York-based subsidiary Morgan-Grampian Inc — which owns the Federal Travel Guides business — for \$20m (£12.5m) cash.

The buyer is Random House, one of the largest American publishing houses, and for the past six years part of the private, family-owned Newsweek Publications group. Newsweek also takes in Conde-Nast and various newspaper interests.

Apart from the Federal Travel Guides, Morgan-Grampian also includes a small booklist business, David McKay.

Federal's Guides have shown good profits growth recently — 27.5 per cent in 1985 — bringing the pre-tax total last year to \$3.18m. The guides were started by Eugene Feder in 1936, and during the past six years the number of titles has increased from 58 to 121.

United said it was approached by Random House, and is selling "a small but profitable business," Mr John Burns, company secretary at United, commented. "Our other US interests are in trade and technical magazines, and the guides are consumer-oriented."

The cash deal is not dependent on any future profit guarantees, and United plans to use the proceeds to repay debts and to the development of the business. Net assets of Morgan-Grampian Inc. were \$6.1m at the end of 1985.

The disposal was greeted with some surprise in the City, though the Federal's business was seen as peripheral to United's recently-reorganised US magazine business.

United Newspapers has sold Gallery Cards to Fine Art Developments for \$800,000 and the services of Gallery operators 12 card shops in the Midlands and East Anglia. Its acquisition will enable Fine Art to expand its Giltedge shops and its Paintree franchise shops.

Mr Michael Cobham, chairman of the aircraft, electronics and energy group, has sold the rights to his beneficial interest in 1,201,958 ordinary shares.

Mr G. R. Longbottom, who heads Hymatic Engineering, sold rights to 73,705 shares.

Next meets City estimates with 38% rise to £28m

BY MIKE SMITH

Next, the high street fashion retailer which this summer bought the mail order company Grattan, yesterday unveiled pre-tax profits of £27.7m, a rise of 38 per cent, for the year to end of August.

Earnings per share were up from 8.75p to 12.01p, and the company raised the final dividend by 0.95p to 3.7p, making 5p for the whole year against 3.75p last time.

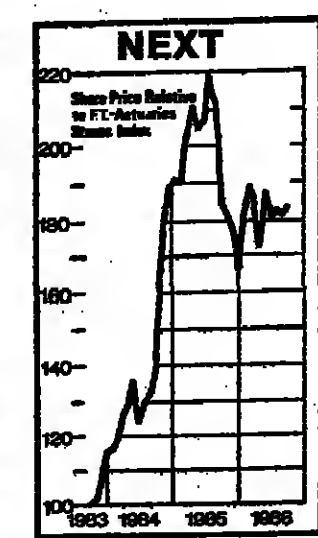
The results were largely in line with City expectations and the shares closed unchanged at 269p.

Mr George Davies, chief executive, said the group aimed to increase earnings per share by 25 per cent this year. Floor space would be increased by about 120,000 sq ft to 800,000 sq ft in the 12 months to next August, a push would be made into lingerie and shoes, and plans were progressing for the opening of children's wear shops.

In addition the company was planning to develop the mail order business.

In the year to August, Grattan's made a one-month profit contribution of £800,000. This was in line with company forecasts and Next said Grattan is on target for £23m to £24m for the year ending January 31.

Mr Davies said the other four sectors had all performed well.



In 1985, manufacturing had lagged behind the rest, losing £284,000, but it made operating profits of £85,000 in 1986.

Retailing, the largest sector, raised profits by 42 per cent to £16.5m. Mr Davies said Next For Men had performed unexpectedly well. Its sales per sq ft were only 5 per cent below the £360 to £370 of women's wear.

The property division's profits were down from £5.1m

to \$4.81m but Club 24, the retail credit finance subsidiary, increased profits by 49 per cent to £7.04m.

Mr Robert Cooper, finance director, said the new management at Club 24 had improved efficiency and cut costs. Bad debts expressed as a percentage of average debtors fell 13 per cent during the year.

Group turnover was £190m against £146m last time and interest payments £354,000 (£690,000). Profit attributable to shareholders of £17.3m was reached after an extraordinary reduction of £563,000 (£2.14 gain) arising from the conversion of Hephworth stores into Next outlets.

On the balance sheets the main changes were rises in stocks (from £29.56m to £38.42m) in debtors (from £12m to £14.87m) and in creditors (from £42.67m to £17.97m).

Mr Cooper said the increase resulted from the incorporation of Grattan into the accounts. Grattan had twice the turnover of the old Next group and incurred larger customer debt because of the nature of its business.

Next plans to change the account year-end to January 31. The next full accounts will be published for the 17 months to January 1987.

See Lex

Staff investment cuts profits at ATA Selection

ATA Selection, the recruitment selection consultancy, saw its pre-tax profits tumble by 63 per cent in the six months to June 29 1986 from £276,000 last time to £128,000. Turnover moved ahead slightly from £1.31m to £1.35m.

The directors said that the company had begun the year by making a substantial investment in new high-calibre personnel and this had had an impact on first half profits.

Since the beginning of the year the number of consultants had increased by about 70 per cent and that this investment would take some months to pay off.

After tax of £46,000 (£118,000) earnings worked through at 0.89p (1.5p). The directors proposed an interim of 0.6p.

Mr Kent said "there was no growth in volume for corrugated cases, and it is still a tough market as it has been for the past couple of years."

price of around £5. At the time, the tightly held shares rose sharply from 450p to over 600p. Last night, after the news of the placing of 670p of the Kent Holdings' shares with 10 institutions, BEP shares closed up 5p at 675p.

Speculative interest in BEP has been considerable with Associated Newspapers, which failed in a takeover bid for the company in 1981, having a 23.8 per cent stake with Harnsworth Pension Funds holding a further 6.1 per cent.

Michael Kent sells his 25% holding in BEP

Mr Michael Kent, the financier, has sold all of its 25.4 per cent stake in Bristol Evening Post for a £1.8m gain.

BEP publishes the Bristol Evening Post, holds a majority stake in the Western Daily Press, and owns a major shopping complex in Bristol's city centre.

Mr Kent acquired his 1m BEP shares in the summer and autumn of 1985 at an average

price of around £5. At the time, the tightly held shares rose sharply from 450p to over 600p. Last night, after the news of the placing of 670p of the Kent Holdings' shares with 10 institutions, BEP shares closed up 5p at 675p.

Speculative interest in BEP has been considerable with Associated Newspapers, which failed in a takeover bid for the company in 1981, having a 23.8 per cent stake with Harnsworth Pension Funds holding a further 6.1 per cent.

Highgate & Job

Robert Fraser and Partners, the merchant bank, yesterday bought a 27.3 per cent stake in Highgate & Job, the Paisley-based animal oils and protein meal group. Fraser said the shares had been bought on behalf of itself and its clients.

The holding was sold by Jerale Investments, which acquired it in January. Highgate & Job shares rose again yesterday to 185p, up 20p on the day and 50p since Friday, valuing the company at nearly £1.8m.

FR Group

The chairman of FR Group and managing director of one of its subsidiaries are now taking up their rights under the £40.3m issue announced last week.

Mr Michael Cobham, chairman of the aircraft, electronics and energy group, has sold the rights to his beneficial interest in 1,201,958 ordinary shares.

Mr G. R. Longbottom, who heads Hymatic Engineering, sold rights to 73,705 shares.

Anheuser gears to expand with London listing

BY CHARLES BATCHELOR

STOCK MARKET dealings start in London today in the shares of Anheuser-Busch, the US food and drinks concern which claims to be the world's largest brewer and includes Budweiser beer among its best-known brands.

The London listing is part of an attempt by Anheuser to broaden its shareholding base as a prelude to investing in brewing capacity outside the US. Expansion is expected to include acquisitions, though the company said it had no immediate plans.

Budweiser, which also acquires for a quarter of the US beer market, is currently brewed under licence by Grand Metropolitan's Watneys subsidiary in the UK and by

Coalite lifts interest in Hargreaves

Coalite, the fuel manufacturing group whose £99m bid for Hargreaves won the backing of the board earlier this week, has increased its stake in Hargreaves from just under 15 per cent to 21.65 per cent.

On Tuesday, Morgan Grenfell, Coalite's adviser, purchased the new holding — 2.48m shares or 6.82 per cent — at 265p, 5p below the value of Coalite's cash alternative.

The offer closes on November 2. Hargreaves' directors, having previously opposed the bid, gave their support after a £1.8m stock deficiency was discovered at a Belgian subsidiary.

AVON GROUP has acquired for £4.2m cash CQC of Barnstaple, Devon, from British Land.

Howden in Danish windmill talks

THE GLASGOW BASED Howden Group is discussing the possible acquisition of a Danish windmill producer, Vestas.

The Danish company was forced two weeks ago to suspend payments to creditors when the American company which until now has bought 75 per cent of its windmills was unable to meet its commitments.

At the turn of the year, about 500 out of a total force of 800 people were involved in windmill production, but the total labour force has now fallen to 500 and only 200 are employed in the windmill division, said Mr Eivind Sandal, Vestas's chairman.

He said the contacts with Howden with a view to a financial reconstruction are only one of several possibilities under consideration. The company is also to touch with Danish institutional investors.

Most of the windmills were exported to windmill parks in California, where investors were encouraged by big tax write-offs. But Californian tax rules have now become less favourable causing serious problems for the Danish industry.

Clay Harris writes: Howden declined to comment on the report of discussions with Vestas. The Glasgow engineering group has sold more wind turbine generators than any other UK manufacturer.

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(Available early 1987)

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N.M. ROTHSCHILD ASSET MANAGEMENT

GRANVILLE SPONSORED SECURITIES

High	Low	Company	Price	Change	Div. (p)	% Actual	Yield	Fully
148	116	Ass. Brit. Ind. Ord.	133	—	7.3	5.5	6.1	7.8
130	121	Ass. Brit. Ind. CULS	100	+1	10.0	7.7	6.3	4.6
46	28	Arrol-Johnston	38d	—	4.2	11.1	6.3	4.8
71	67	BBB Design (UBM)	68	—	1.4	2.1	15.2	16.2
201	196	Barton Hill	201	+1	4.8	2.3	22.8	20.9
93	82	Bury Technologies	88d	—	4.3	10.2	10.2	3.3
201	75	CCl Ordinary	100	+1	2.9	2.8	7.1	11.1
132	88	CCl 11pc Conv. Pl.	90	—	16.7	17.4	—	—
263	83	Carbonium Ind.	263	—	8.1	3.8	12.2	12.6
94	83	Carbonium 7.5pc Pl.	92	—	10.7	11.8	—	—
154	46	Osborn Services	154	—	7.0	4.5	18.0	21.1
32	20	Rederics Park Group	32	—	—	—	—	—
126	80	George Bief	96	—	3.8	4.0	2.4	2.5
94	20	Ind. Precision Castings	94	—	8.7	7.1	8.4	8.3
218	182	Isle Group	182	—	18.8	12.0	8.7	8.6
128	101	Jackson Group	128	—	1.1	4.8	8.7	7.6
277	228	James Burrough	268	—	17.0	4.6	10.3	8.4
108	85	James Burrough Spof	93	—	11.1	11.1	—	—
1035	342	Mullhouse NV (ASE)	319	—	12.9	12.5	—	—
380	280	Record Ridgway Ord.	379	—	—	—	42.5	55.3
195	187	Record Ridgway Spof	187	—	—	—	—	—
87	32	Robert Jenkins	37	—	14.1	16.2	—	—
38	28	Scruttons "A"	38	—	—	—	—	—
195	85	Torley and Carlisle	125d	—	7.9	2.5	8.7	7.8
370	320	Trevian Holdings	322	—	5.7	4.6	7.8	7.7
70	25	Unilock Holdings (SE)	67	—	2.8	4.2	12.3	11.8
102	47	White & Carter	99	—	17.4	8.2	18.7	21.3
225	190	W. S. Yeaman	197	—	6.0	8.2	8.2	8.3
88	67	W. Yorks. I. H. (UBM)	67	—	6.8	6.0	12.3	15.3

(ASE) Amsterdam Stock Exchange.

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UK COMPANY NEWS

Improved margins behind Wm Low profits advance

BY ALICE RAWSTHORN

William Low, the Scottish supermarket and freezer centre group, yesterday reported a 16 per cent increase in pre-tax profits to £7.28m for the 1985-1986 financial year.

The growth was fuelled by the benefits of upgrading Low's established Scottish stores and the recovery of the Laws group acquired last year.

Low succeeded in increasing market share from its established stores and produced real volume growth of 5 per cent during the year. Its operating margins — which were badly affected by Laws' problems in the first half — also improved, increasing to 4.05 per cent compared with 3.5 per cent in its last financial year.

The company attributes much of the improvement in margins to the development of larger stores and the upgrading of existing units. The size of the average store has increased from 7,000 sq ft five years ago to 9,500 now and should rise to 14,000 or 15,000 by 1988.

At the interim stage Low produced a disappointing set of results, chiefly because of the problems encountered by Laws, the chain in the North East of England which it purchased in early 1985.

After stringent closures — 14 of the original 36 Laws outlets have been closed — Laws has been nursed back to profit and contributed around £200,000 to these results.

In the year to September 6 Low's turnover rose by 13 per cent to £233.36m. Operating profit increased to £7.41m (£7.11m).

The company now capitalises interest on borrowings incurred by its development programme, and this reduced the interest payment to £160,000 (£978,000). Low raised £16,000 (£194,000) from disposing of assets.

The closure and restructuring costs for Laws have been charged as an extraordinary item of £1.84m.

Earnings per share fell to 35.9p (35.15p), but mustered an increase of the deferred tax credit in 1985 is taken into account. This would reduce the comparable earnings in 1985 to 32.5p. The board proposes to pay a final dividend of 3p (3p), making a total of 13.5p (13p) net.

Low's development programme is continuing. The company announced £22m on store openings and extensions in the 1985/86 financial year and expects to invest £20m in the current year. This will be financed through bank borrowings.

In the current year Low proposes to open seven new stores, three of which will be in England. All the English stores will be based around Law's distribution centre in Newcastle.

The company plans to increase selling space by 100,000 sq ft every year until the 1990s.

Comment

It is always cheering when regional companies appear more innovative than their national counterparts. Many of the improvements in efficiency that Tesco's interim results benefited from yesterday — computerised stock control, larger stores and higher margin products — are well established at William Low. Indeed it was only the troubles with Laws that robbed Low of its premium over other food retailers. The City concluded that Low had not only paid too high a price for Laws, but that the company was in far worse a state than anyone, even Low, had expected, and Low's premium of 20 per cent turned into a discount of 15. With these results Low could wax convincingly, that it has licked Laws into shape and the shares rose by 15p to 555p yesterday. The City now expects profits of £8.5m for the current year, suggesting that the prospective p/e of 13 is now at an undeserved discount.

United Trust & Credit up 67%

The directors of United Trust & Credit revealed yesterday that the first six months of 1986 had been extremely active with the company seeing, in particular, an increase in the level of mergers and acquisition work.

For the half year turnover improved by only 1.5 per cent to £2.82m but the pre-tax level profits increased to £504,000, a rise of 67 per cent over last time's £301,000.

As promised in September, at the time of the company's introduction to the USM, shareholders are to receive an interim dividend of 6p — a final of 5p has been forecast.

The directors anticipated continued growth in the second six months, resulting in a record year. Pre-tax profits for the 1985 year more than doubled to £763,423 — the company has issued house and corporate finance interests.

Henderson profits dip by 15% to £2.2m halfway

BY PHILIP COGGAN

PROBLEMS in the security division and weak demand in the industrial door business caused interim pre-tax profits at Henderson Group to fall by 15.3 per cent from £2.61m to £2.21m.

After a major review of the Normand division, which makes geared electric motors, Henderson has decided to dispose of the company. Agreement has already been reached to see one Normand subsidiary, Neco Marine, and the costs of the sale is reflected in an extraordinary debit of £245,000 in these accounts.

The rest of Normand should be sold by the end of the financial year with a management buyout a strong possibility. Net operating income for the half year was £2.46m (£2.57m) on turnover up 9 per cent to £41.9m (£38.6m).

After interest payable of £294,000 (£287,000) tax of £288,000 (£1.11m), minority interests of £76,000 (£11,000) and extraordinary item, earnings per share were down 11.1 per cent at 6.4p (7.2p). The interim dividend is maintained at 2.5p.

Following the problems in the security division, the management has been completely restructured. However, it will be 1987 before the benefits of reorganisation flow through into profits.

Henderson's main area of business is still the production of doors both for garages and for industry. Price competition in the garage door business has now diminished with a consequent improvement in margins, but weak industrial demand has forced Henderson to cut prices in the industrial sector, and there is unlikely to be any improvement there in the second half.

comment

Last year, Henderson was hit by a combination of factors which caused analysts to revise their profits forecasts down from £7m to the current £5.5m. This year is beginning to look like a recurring nightmare. Although there was little Henderson could do about weak industrial demand, the management problems in security come too quickly after last year's problems at Normand to do the group much credit. The one bright spot in the figures is the improvement in margins on garage doors after a competitor was brought by RIZ. All in all, profits are likely to be 5p at £5.5m, leaving the shares at 189, down 23p, on a prospective p/e of 12. Recovery may well be due in 1987, but after the Normand disposal, the balance sheet will be virtually unbalanced and Henderson could look a tempting bid target.

Healthy order books at Epicure

Epicure Holdings, the building steel and engineering company, reported a pre-tax profit of £415,000 for the eight months to August 31 last. No comparative figures were given due to an amended group reporting timetable but Epicure did have a less of £1.17m for the year to June 1985. It reported pre-tax profits of £405,000 for the six months to December 1985.

Directors pointed out that turnover and profits of most of the group's trading companies had been in line with, or ahead of, internal company budgets and order books were healthy.

Although the company had made a profit it was not proposed to pay an interim dividend as the major aim was still to reduce borrowings and strengthen the company's financial position. However on the basis of present progress the board would consider payment of a dividend when the full year's results were announced.

The chairman, Mr R. Hammarqvist, said that at this time he looked forward to the future with increasing confidence. The only disappointment in the period had been the longer than expected turnaround in the fortunes of the building company but Epicure was confident that, with further rationalisation recently undertaken, this would soon return to profit.

The companies was also proposing further savings in central costs and additional property realisations would help reduce UK borrowings.

Turnover of the group in the eight month period was £13.5m and the operating profit was £910,000. Tax took £202,000 and minorities were £17,000 leaving stated earnings per 5p ordinary share of 0.68p.

COMPANY NEWS IN BRIEF

HOUSE PROPERTY COMPANY of London: Interim dividend 3p (same). Gross rental income £36,000 (£32,000) for six months to June 30 1986 and pre-tax profit of £14,000 against previous loss of £4,000. Earnings per 50p ordinary 1.5p (loss 1.2p). Administrative expenses of £23,000 (£29,000) included an exceptional item of £13,000 relating to payments of compensation for loss of office to former director.

HELENS METROPOLITAN BOROUGH COUNCIL £0.5m; **Bassetlaw DC** £0.5m; **Dudley MBC** £0.5m; **Old Wansbeck DC** £0.3m.

BERKELEY EXPLORATION: Directors had noted despatch of the formal offer document by Ranger Oil (UK). The company had completed an independent valuation of its principal oil and gas properties and board considered net asset value to be substantially in excess of Ranger's offer. Shareholders advised to take no action pending board's formal advice.

BURGESS PRODUCTS subsidiary Coin Industries has sold six coin counting and packaging units, ICC Machines, to St Albans-based Cash and Security Equipment for £400,000 cash. At June 30 1986 ICC had net assets of £495,631 and recorded pre-tax profits of £7,661 in the 18 months to June 30 1986.

HUGHES TOOL: Company's proposed acquisition of assets of Combustion Engineering net to be referred to Monopolies Commission.

ENGLISH NATIONAL INVESTMENT COMPANY: Net profits £153,460 (£105,521) for six months ended September 1986. Interim dividend per £1 deferred 3.7p (3.3p), and per 25p deferred 1.25p (0.85p). Final expected to be at least maintained at 5.25p and 2.8p respectively.

J. A. DEVENISH will complete the sale of 13 of its tenanted pubs to Gibbs Mew for £1.5m on November 1. The deal follows changes in the company structure and a new emphasis on development in the retail sector following its merger with Inn Leisure earlier this year.

CONSULTANTS (COMPUTER & FINANCIAL), the USM-quoted computer services company, has agreed to acquire Ultimate Data Systems, registered in US. First instalment of consideration estimated at £248,583 to be made via issue of 214,296 ordinary.

UNDERWOODS has paid £1.2m for the goodwill, stock and fixtures and fittings of P B Lucas, trading as Seefelds dispensing chemist in London's Epsom Court Road. It intends to open a 6,500 sq ft Underwoods store and start trading immediately.

JAPAN ASSETS Trust: Dividend 0.5p net (same) for the year to September 30 1986. Net revenue for period £85,000 (£135,000) after tax of £160,000 (£135,000). Net asset value per 10p share 83.2p (53.9p) assuming conversion of loan stock and 80.7p (57p) assuming loan stock conversion and warrants exercised. Basic net asset value 86.9p (48p).

YEARLING BONDS totalling £5.5m at 11 per cent redemptions available on November 4 1987, have been issued by the following local authorities: Bedfordshire County Council £1m; Portsmouth (City of) £2m; Abwick District Council £0.25m; East Hampshire DC £0.5m; St

months ended September 1986. Interim dividend per £1 deferred 3.7p (3.3p), and per 25p deferred 1.25p (0.85p). Final expected to be at least maintained at 5.25p and 2.8p respectively.

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Full listing for DDT Group

DDT Group, the company that specialises in third-party maintenance of computers and telecommunications equipment and the distribution of computer peripheral equipment, has applied for a full market listing.

DDT, which came to the USM in July 1984, expects dealings to begin on November 3.

Mr James Crook, chairman, said he looked forward to continued growth during the current financial year. He added that the UK third party maintenance market for computers is continuing to grow at about 30 per cent per annum. In the year ended March 31 1986, DDT reported pre-tax profits up 64 per cent from £713,000 to £1.17m on turnover slightly ahead at £7.1m.

Southend Stadium ahead

Southend Stadium, which now carries on business of property development, dealing and investment, produced a pre-tax profit of £24,354 (£29,488) for the six months to June 30 1986.

The chairman said he believed the company's prospects were encouraging.

The stadium is two-thirds let with negotiations continuing on the remaining units with prospective tenants. Almost all the entire development was expected to be completed by the end of the year.

Negotiations were in hand for the acquisition of a property company from Slop Constructions (Holdings) and the setting up of a joint company with the intention of carrying out an office development on the fringes of the City of London.

Turnover from property sales and rental income — racing activities finished at the end of 1985 — totalled £301,000 for the period. Administrative expenses were £83,000 and tax took £22,000, leaving earnings per 5p ordinary of 0.75p (0.84p).

SHANDWICK (advertising and public relations) — In his annual statement Mr Peter Gummer, chairman, said in view of substantial growth the group would apply to move from USM to a full listing as soon as possible. For the current year he expected further organic growth supplemented, where possible, by acquisition.

L Holdings Inc.

a holding corporation controlled by

Bennett S. Le Bow

has acquired

Liggett Group Inc.

from

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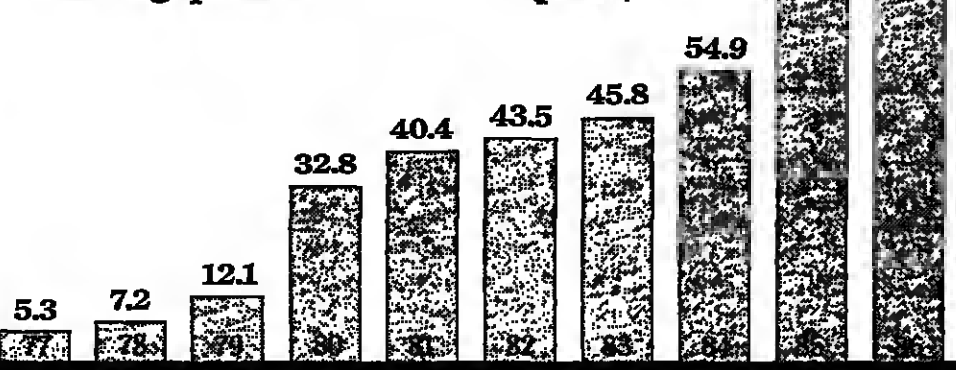
UK COMPANY NEWS

CALA Results
for the year ended 30th June 1986

	1986	1985	Increase
Pre-tax profits	£3.1m	£2.3m	+33%
Earnings per share	85.9p	70.2p	+22%
Dividend	18.5p	16.0p	+15%

- Growth continues for 12th consecutive year
- Further expansion in the South East

Earnings per share 1977-1986 (pence)



Copies of the Annual Report & Accounts can be obtained from The Secretaries, 1 Golden Square, Aberdeen, AB9 5BH

Amber Day to eliminate preference arrears

A strong and sustained recovery in profits of clothing retailer, importer and manufacturer Amber Day has prompted the directors to propose that preference dividend arrears be extinguished and holders of the shares offered seven ordinary shares for every two cumulative redeemable preference shares held.

Preference dividends in respect of 2m 10½ per cent cumulative preference shares, due since October 31 1981 have not been paid and arrears at April 30 1986 amounted to £1.05m net of Advanced Corporation Tax. Details of the proposals are contained in a circular to be sent to shareholders with the annual report.

The proposals are subject to Inland Revenue clearance and approval of both ordinary and preference shareholders. Approval will enable the board to recommend a dividend of 5.25p (net) per preference share for the period May 1 to October 31 1986 and enable the board to consider the resumption of payment of ordinary dividends.

Pre-tax profits for the 59 weeks to May 31 1986 rose 53 per cent to £57,000 compared with £34,000 for the year to May 25 1985, thanks to a sharp acceleration in sales in the second half. First half sales were affected by shipping delays. The group also benefited from a steadier sterling rate against the dollar.

Associate John Kent, the menswear retailer, reported a satisfactory increase in profits and sales, and profits to Amber Day from this area rose from last year's £248,000 to £265,000 for 61 weeks.

All round progress lifts Globe Trust 15% to £11m

Globe Investment Trust made all-round progress in the first six months of the 1986-87 year and for the period lifted its profits at the attributable level to £10.97m, an improvement of 15 per cent over last time's £9.51m. Profits for the second quarter rose from £5.35m to £6.85m.

Commenting yesterday Mr David Hardy, the chairman, said the result was particularly pleasing since holdings in some high-yielding stocks had decreased over the last two years in favour of some low-yielding growth investments in the UK and overseas.

Mr Hardy added that other notable features were an increase in underwriting and a decrease in borrowing. He warned, however, that the profit increase shown at the interim stage would not be repeated in the second six months.

Gross income for the opening half year (to June 30 1986) rose from £17,962m to £18,582m. Income from listed investments totalled £13.16m (£12.1m) and that from unlisted investments £5.42m (£5.52m)—some 10 to 11 per cent of the group's portfolio is now in unquoted stocks.

Interest income from investments fell from £1.22m to £838,000 and other income showed a decline of £407,000 at £2.01m. Administration expenses rose to £927,000 (£832,000), leaving investment trust earnings at £17.56m, against a previous £17.15m.

Attributable profits, including subsidiaries' earnings of £700,000 (£1.1m) were struck after tax of £4.68m (£4.83m) and minorities of £30,000 (£6,000).

Basic earnings worked through at 2.11p (1.88p); fully diluted they amounted to 2.09p (1.85p). The interim dividend is stepped up from an adjusted 1.35p to 1.38p.

In the six months to September net asset value per share fell from 163.02p to 157.33p basic and from 156.08p to 153.78p fully diluted.

Mr Hardy said the UK portfolio had a mixed performance and in the US there was a difficult market with few discernable trends.

The Japanese portfolio performed well although concern about the yen resulted in some of the portfolio being hedged against a dollar rise.

The group, the UK's largest listed investment trust with

● comment

Big is not perceived as exciting in the investment trust market and these figures failed to shift the share price from 122½p. Globe's main strategy is to build up large stakes in key companies which makes a lot of sense in the long term but can produce stodgy short term results—hence the expansion into the more volatile unquoted sector. At present, Globe is taking a positive view on US recovery prospects with a consequent move into US transport stocks and Japanese blue chip exporters. Investment performance over the past year has not kept pace with the sector average and the relatively low discount to net asset value (just over 20 per cent) owes more to rumours of Nomura's interest than to fundamental strength. Although a yield of 4.3 per cent will give support, the share outlook is likely to be dull.

Feedex advances 19% in first half

FIRST-HALF 1986 profits from Feedex Agricultural Industries rose by 19 per cent to £302,000 and the outlook for the rest of the year was clouded only by the inability to predict the final out-turn from engineering.

Mr Derek Sawyer, chairman, expressed his confidence that all other divisions were well placed to repeat or improve upon their current performance in the second half.

He went on: "Indeed, encouraged by the opportunities for expansion, particularly in the white meat sector, the board approved substantial capital expenditure on the refurbishment of the mill at Emswrick, which will increase capacity and result in considerable cost-saving benefits."

The company's cash flow benefited by £1.3m through the rights issue of June, and there was a significant improvement in liquidity which strengthened the capital base to support investments.

In the half year turnover fell marginally to £18.25m (£18.87m) but the real trend was upward when allowing for reduced oil prices in fuel distribution business, Mr Sawyer stated.

A split of that and the pre-tax profit showed: feed £9.74m (£9.6m) and £368,000 (£306,000); pig production and marketing £719,000 (£707,000) and £58,000 (£115,000); agricultural services £3,855m (£4.85m) and £39,000 (£69,000); engineering £4.85m (£4.51m) and £92,000 (£76,000), less loan interest £123,000 (£145,000).

The chairman said that agricultural services, feed and pig production and marketing divisions all performed well against a backdrop of a more stable pig market.

Engineering continued its turnaround into profit which started last year and the result was satisfactory because of export earnings. Markets continued to be most unpredictable. The current low order book necessitated a further slimming of Rowlands Engineers' manufacturing operation with consequent redundancies.

Interest charges of £266,000 (£311,000) were provided for in arriving at the pre-tax profit. Tax took £192,000 (£180,000) and minorities £4,000 (£5,000). Earnings were 2.21p (1.85p) per share. On capital increased by the rights issue the interim dividend is held at 0.5p net and absorbs £92,000 (£89,000).

Channel Tunnel loss

Channel Tunnel Investments, the company originally set up to develop a Channel Tunnel but now principally an investment company, reported a pre-tax loss of £2,372 in the six months to June 30 1986. Last time it turned in a profit of £1,917.

The directors said that the loss reflected the increase in the period. These rose from administrative overheads for £5,586 in the six months to June 30 1985 to £18,732 this time.

They said that the overheads, which included professional fees, were directly related to the course of action being pursued by the board to establish the value that could be derived from the development expenditure incurred by the company in earlier years.

Gross interest from listed investments amounted to £18,289 (£7,471). The company paid no tax and the loss per share worked through at 0.15p—last time earnings came to 0.09p.

Exceptional items put Nimslo in the black

Nimslo International, the troubled 3-D camera maker which is based in Bermuda, has managed to produce a profit of US\$274,000 (£198,000 at current exchange rates) for the six months to July 31 1986, compared with a loss of \$2.66m.

But this was after crediting exceptional items of \$1.67m (nil) which resulted from the licence and technical assistance

agreements completed with Nissel and Quantronics in April 1986.

Turnover for the period slumped from \$14.02m to \$1.1m and there was an operating loss of \$653,000 (loss \$1.03m) before depreciation, amortisation and interest. After crediting the exceptional item, the net profit per 80 cents share emerged at \$0.009 (loss \$0.024).

Western United 'tidies up'

Western United Investment, the holding company for the Vestey food, meat and trading interests, is offering to buy out the minority holders of the 10 per cent preference shares of Union International, the publicly quoted group.

Union International, the ordinary shares of which are already entirely held by Western, described this as a "tidying-up operation." Union will, however, remain a public

company since there are outstanding non-Vestey holders of two other classes of preference shares, with 6 and 7 per cent dividends. There are no plans to buy in these shares.

Western is offering 150p for each of the 90,000 outstanding 10 per cent preference shares, amounting to 9 per cent of this class of shares. This represents an 80 per cent increase over the most recent middle market quotation.

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INVESTMENT CONNOISSEURS

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We believe their in-depth expertise will enable the EBC Amro French Growth Trust to achieve above average capital growth from a portfolio of French securities.

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Units will be offered at a 1% discount on a fixed price of 50p per unit until 3rd November, 1986.

HOW TO INVEST

Complete the application form and send it, together with your cheque made payable to EBC Amro Unit Trust Management Limited, c/o Manchester Unit Trust Administration Company Limited, FREEPOST, Manchester M2 8BL (no stamp required).

If you don't have £200 immediately available, send for details of EBC Amro's Monthly Savings Plan by ticking the appropriate box in the coupon.

If you already have shares you would like to exchange for units in this Trust, please tick the appropriate box in the coupon below.

Remember that the price of units and the income from them can go down as well as up.

GENERAL INFORMATION

Contract notes will usually be sent by return of post. You will receive a Unit Certificate within six weeks of receipt of your cheque.

An initial charge of 3% is included in the price of the units and an annual charge of 1.25% (+VAT) of the value of the fund is deducted from the fund's income. Estimated gross current yield is 1.5% at the launch price of 50p per unit. Prices are quoted daily in The Financial Times.

Managers' reports on the fund will be issued by 1st November 1986. Units will also be distributed annually net of basic rate tax by 1st November. Trustee: Midland Bank Trust Company Limited. (Not open to residents in the Republic of Ireland.) A member of the Unit Trust Association. Renunciation is payable to qualified intermediaries and the rates are available on request.

EBC AMRO FRENCH GROWTH TRUST

Mr/Ms/Ms/Ms Other: _____ Surname _____

First Name(s) _____

Address _____

Postcode _____

Signature _____ Date _____

Both applicants must sign and attach names and addresses separately. FT301086

كبراءة الاموال

LONDON RECENT ISSUES

Table of recent issues in the equities market, listing stock names, prices, and changes.

Table of recent issues in the fixed interest stocks market, listing stock names, prices, and changes.

Table of 'RIGHTS' OFFERS, listing various rights issues and their details.

Disclaimer text regarding the accuracy and liability of the data provided in the tables.

JOTTER PAD advertisement featuring a crossword puzzle grid and promotional text for Chase de Vere's Unit Trust Outlook.

F.T. CROSSWORD PUZZLE NO. 6,164

Dante crossword puzzle grid with numbered squares for clues.

Crossword puzzle clues and solutions, including 'ACROSS' and 'DOWN' sections.

AUTHORISED UNIT TRUSTS

Large table listing authorized unit trusts, including names, managers, and performance metrics.

FT UNIT TRUST INFORMATION SERVICE

Table providing detailed information for the FT Unit Trust Information Service, including contact details and service offerings.

INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and overseas funds with columns for fund name, value, and change.

Table listing insurance and overseas funds, including sections for 'MANAGEMENT SERVICES' and 'OFFSHORE AND OVERSEAS'.

Table listing insurance and overseas funds, including sections for 'MANAGEMENT SERVICES' and 'OFFSHORE AND OVERSEAS'.

Table listing money market funds with columns for fund name, value, and change.

Table listing money market bank accounts with columns for bank name, account type, and interest rate.

Table listing various insurance and overseas funds, including sections for 'MANAGEMENT SERVICES' and 'OFFSHORE AND OVERSEAS'.

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Table listing money market funds with columns for fund name, value, and change.

Table listing traditional options with columns for option name, value, and change.

A selection of options listed to give an impression of the London Stock Exchange Report Page.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Trade figures unnerve dollar

THE DOLLAR weakened ahead of today's US trade figures for September. Forecasts for the deficit vary between about \$10bn and \$10.5bn. Yesterday's easing of the dollar reflected speculation that the short-fall would be towards the top end of this scale. This followed the near record trade surplus of DM 20.4bn for September reported by West Germany earlier this week, suggesting that the decline of the dollar this year has not yet been translated into a marked shift in trade balances. Although the US currency lost ground, it finished near the top of the day's range at DM 2.0290, compared with DM 2.0390, FFR 2.6250 against FFR 2.6270, and SF 1.6745 against SF 1.6765. The general reluctance of dealers to commit themselves ahead of the trade figures was reflected in a rise to Y190.45 from Y190.10 against the yen.

Indonesian energy minister said poorer Opec members are likely to get higher production quotas under a permanent system to be discussed in December. The pound fell 45 points to \$1.4110-\$1.4120, and declined to DM 2.8650 from DM 2.8770; to FFR 9.35 from FFR 9.4220; to SF 2.3855 from SF 2.3750; and to Y226.50 from Y226.75. D-MARK—Trading range against the dollar in 1986 is 2.4710 to 1.9740. September average 2.0486. Exchange rate index 141.6 against 138.1 six months ago. The D-mark remained fairly steady against the dollar, as attention focused on today's September US trade figures. Dealers commented that the dollar's ability to remain above DM 2.00 was likely to depend on whether the trade deficit was significantly higher than the August figure of \$13.5bn. Short-term Euro-mark deposits were firmer, but this was a reflection of tighter conditions on the Frankfurt money market and had little impact on the foreign exchanges. The Bundesbank did not intervene when the dollar fell to DM 2.0275 from DM 2.0321 at the close.

Frankfurt fixing, Sterling fell to DM 2.8680 from DM 2.8890 at the fixing, on nervousness about oil prices. The dollar closed at DM 2.0290 on Tuesday. JAPANESE YEN—Trading range against the dollar in 1986 is 262.70 to 182.30. September average 214.67. Exchange rate index 206.5 against 202.2 six months ago. The yen was little changed against the dollar in Tokyo, but the US currency lost ground from the New York close. It finished in Tokyo at Y190.35, compared with Y190.30 on Tuesday, and against Y180 in New York. Although the dollar had a soft landing, dealers were reluctant to hold large positions ahead of today's US trade figures for September. Suggestions earlier in the week that the dollar would soon test Y192.50 have been turned round by a lack of further buying by institutional investors. News that Japan's trade surplus in the first 20 days of October fell to \$4.11bn from \$5.01bn in the same period of September had little impact.

FINANCIAL FUTURES

US bond prices recover

US TREASURY bond futures closed slightly up on the day in the London International Financial Futures Exchange yesterday. Values were marked down at the start following a poor reception to Tuesday's seven year note auction. In addition there was apprehension ahead of next week's US Congressional elections and details of the US Treasury's refunding package, due for release after the close of business in London. From an opening level of 95-04, which was down from Tuesday's close of 95-06, the December contract traded near to 95-18 for much of the morning and touched a low of 95-16 just before the start of trading in Chicago. It held steady for a while and then renewed buying developed on speculation that the Japanese discount rate may be cut in the near future. This was sufficient to lift values to the day's high of 95-13 before closing at 95-10. Three-month Euro-dollar deposits opened at 94.01 compared with Tuesday's close of 94.03 and sellers briefly gained the upper hand, pushing the price to a low of 93.88. However buyers soon appeared and the price was kept around 94.00 for much of the day before closing at 94.02. Long bills for December delivery opened at 100-05 from 100-04 amid confusion ahead of the UK Treasury gilt auction. Prices eased to 100-22 before renewed buying pushed values back to 100-04. News that the auction had been oversubscribed encouraged selling down to 100-22 before coming back to 100-04. During the afternoon a low of 100-10 was touched before recovering a

little to close at 100-14. The volatility reflected market nerves with dealers showing some concern about the possibilities of indigestion after the entire 21bn of stock on offer had been allocated. There was also intense interest as to where the stock had been allocated. Three-month sterling deposits for December delivery opened at 88.70, little changed from the previous close of 88.68. The opening level proved to be the day's high and prices were marked down to trade around 88.68 for the first few hours. It touched a low of 88.62 before coming back to 88.60. However a firm cash market in the afternoon as the Bank of England revised its forecast three times encouraged selling down to a low of 88.57 before closing at 88.50.

Table with columns: Oct 29, Latest, Previous. Rows: 1 month, 3 months, 6 months, 12 months.

Table with columns: Oct 29, Previous. Rows: 8.30 am, 9.00 am, 9.30 am, 10.00 am, 10.30 am, 11.00 am, 11.30 am, 12.00 pm, 1.00 pm, 2.00 pm, 3.00 pm.

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Table with columns: Oct 29, Previous. Rows: Sterling, U.S. Dollar, Canadian Dollar, Australian Dollar, etc.

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Table with columns: Oct 29, Previous. Rows: Sterling, U.S. Dollar, Canadian Dollar, Australian Dollar, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Currency, Unit, % change, % change adjusted, Difference from %.

POUND SPOT—FORWARD AGAINST THE POUND

Table with columns: Oct 29, Day's spread, Close, Oct month, % Three months, % Six months, % One year.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Table with columns: Oct 29, Day's spread, Close, Oct month, % Three months, % Six months, % One year.

EURO-CURRENCY INTEREST RATES

Table with columns: Oct 29, Short term, 7 Day's notice, One Month, Three Months, Six Months, One Year.

EXCHANGE CROSS RATES

Table with columns: Oct 29, £, \$, DM, Yen, F Fr, S Fr, H Fl, Lira, C S, B Fr.

MONEY RATES

Table with columns: Oct 29, Overnight, One Month, Two Months, Three Months, Six Months, One Year.

FT LONDON INTERBANK FUNDING

Table with columns: Oct 29, 3 months, 6 months, 9 months, 12 months.

LONDON MONEY RATES

Table with columns: Oct 29, 3 months, 6 months, 9 months, 12 months.

NEW YORK MONEY RATES

Table with columns: Oct 29, 3 months, 6 months, 9 months, 12 months.

NEW YORK TREASURY BILLS AND BONDS

Table with columns: Oct 29, 3 months, 6 months, 9 months, 12 months.

PHILADELPHIA SE 50'S OPTIONS

Table with columns: Oct 29, Call, Put, Last, Bid, Ask, Prev.

CHICAGO 20-YEAR 32% NATIONAL BILT

Table with columns: Oct 29, Close, High, Low, Prev.

10% NATIONAL SHORT BILT

Table with columns: Oct 29, Close, High, Low, Prev.

10% TREASURY BOND

Table with columns: Oct 29, Close, High, Low, Prev.

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Table with columns: Oct 29, Close, High, Low, Prev.

LIFE THE LONDON INTERNATIONAL FINANCIAL FUTURES EXCHANGE. Is pleased to announce the addition of ONE AND TWO MONTH MATURITIES to its current expiry cycle on the OPTIONS ON FT-SE 100 STOCK INDEX FUTURES CONTRACT commencing 3rd November 1986.

Sabre FUND MANAGEMENT LIMITED. CREATING AN INVESTMENT OF THE FUTURE. Managing funds in the International Futures Markets. To find out more about Sabre contact Peter Swetz.

MUTUAL OFFSET for LIFE/SFE. ELDERS SECURITIES UK LTD. Clearing members of London, Sydney, Chicago futures markets.

DOMESTIC PETROLEUM LIMITED. Notice to the Holders of the Outstanding Principal Amounts of U.S. \$75,000,000 Floating Rate Notes due 1988, U.S. \$3,130,000 16 2/3% Fixed Rate Notes due 1989, U.S. \$50,000,000 Floating Rate Notes due 1989, U.S. \$50,000,000 10% Debentures due 1994 and U.S. \$50,000,000 13 1/2% Debentures due 1992.

MONEY MARKETS

London rates show lack of incentive

INTEREST RATES showed little change in the London money market yesterday in rather quiet trading. Sterling provided very little impetus, finishing unchanged on the day as currency markets awaited today's US trade figures. Three-month interbank money

twice during the morning, first to a shortage of around £250m and then to a shortage of £350m. The Bank gave assistance in the morning of £200m through outright purchases of eligible bank bills, £1m in band 2 at 10 1/2 per cent and £20m in band 4 at 10 1/2 per cent. The Bank revised its forecast for the third time before taking into account the early help to a shortage of £200m and gave help in the afternoon of £70m through outright purchases of £70m of eligible bank bills, £40m in band 1 at 10 1/2 per cent and £30m in band 2 at 10 1/2 per cent. Late assistance came to £215m, making a total net £275m.

In Frankfurt call money was quoted at 4.75-5.00 per cent up sharply from 4.50-4.60 on Tuesday. Once again the Bundesbank acted to relieve the upward pressure brought about by end of month requirements by arranging additional dollar/D-mark currency swaps for the third day running. The demand for funds as banks sought to meet their end of month requirements was seen as being only of a temporary nature and there was no indication that the Bundesbank may supply longer term relief through sale and repurchase agreements. The shortage of liquidity was further exacerbated by payment of DM10bn due to pension disbursements, adding to the current discount.

MONEY MARKETS

NEW YORK

Table with columns: Oct 29, Overnight, One Month, Two Months, Three Months, Six Months, One Year.

FT LONDON INTERBANK FUNDING

Table with columns: Oct 29, 3 months, 6 months, 9 months, 12 months.

LONDON MONEY RATES

Table with columns: Oct 29, 3 months, 6 months, 9 months, 12 months.

TREASURY BILLS (cell): one-month 10 1/2 per cent; three-months 10 1/2 per cent; six-months 11 1/2 per cent; one-year 12 1/2 per cent. BOND (cell): one-year 10 1/2 per cent; two-year 10 1/2 per cent; three-year 10 1/2 per cent; four-year 10 1/2 per cent; five-year 10 1/2 per cent; ten-year 10 1/2 per cent; twenty-year 10 1/2 per cent.

Handwritten text at the top center of the page.

INDUSTRIALS - Continued

Table of industrial stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price and other financial metrics.

LEISURE - Continued

Table of leisure stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price and other financial metrics.

PROPERTY - Continued

Table of property stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price and other financial metrics.

INVESTMENT TRUSTS - Cont.

Table of investment trusts including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price and other financial metrics.

FINANCE, LAND - Cont.

Table of finance and land stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price and other financial metrics.

MINES - Continued

Table of mining stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price and other financial metrics.

INSURANCES

Table of insurance stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price and other financial metrics.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price and other financial metrics.

SHIPPING

Table of shipping stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price and other financial metrics.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price and other financial metrics.

SOUTH AFRICANS

Table of South African stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price and other financial metrics.

TEXTILES

Table of textile stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price and other financial metrics.

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TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price and other financial metrics.

FINANCE, LAND, etc

Table of finance, land, and other stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price and other financial metrics.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price and other financial metrics.

PLANTATIONS

Table of plantation stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price and other financial metrics.

NOTES

Notes section containing various financial notices, company announcements, and regulatory information.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price and other financial metrics.

LONDON STOCK EXCHANGE

Many good equity features but Gilts turn down despite sell-out of new Government stock

Account Dealing Dates
*First Declared Last Account
Dealings (Sens Dealings) Day
Oct 11 Oct 23 Oct 24 Nov 3
Oct 27 Nov 6 Nov 7 Nov 17
Nov 18 Nov 21 Nov 21 Dec 1

The UK securities markets continued their voyage into the new trading era yesterday, to the accompaniment of another brief suspension of the Exchange's Topic electronic reporting system, and some difficulties in up dating price quotations on the SEAQ network.

FNFC up again
A quietly firm banking sector was featured by renewed strength in personal takeover favourite First National Finance Corporation which advanced 9 further to 189 1/2 on speculative buying.

FINANCIAL TIMES STOCK INDICES
Table with columns for Date, Index, High, Low, and Change. Includes Government Secs, Fixed Interest, Ordinary, Gold Mines, Ord. Div. Yield, and S.E. ACTIVITY.

however, was almost totally attributable to the efforts of Cape buyers who took of fresh positions, especially in top-quality Gilts, as the Financial Rand rallied against the dollar amid hopes that General Motors will transfer stable funds to settle debts in the Republic.

Traded Options
Total contracts transacted in Traded Options amounted to 23,322, mainly new contracts, turned to the fore with 2,944 calls and 458 puts struck, while operators also saw for Hanson Trust and British Telecom which contributed 1,811 and 1,722 calls respectively.

At the close, the FT-SE 100 Index was up 1.4 at 1567.0, and the FT Ordinary Index showed a gain of 11.0 at 1267.2. The FT Government Securities Index, however, shed 0.60 to 82.34.

Business in the Building sector expanded with construction issues displaying several good gains. Costain revived strongly and closed 11 higher at 476 1/2, while Taylor Woodrow rose 3 to 290 1/2.

more at 26 1/2. French Connection, on the other hand, remained depressed by the recent disappointing figures and fell 15 more at 172 1/2.

to sustain recently firm Tesco which reacted to 400p on profit-taking prior to closing a net 9 down at 405p. On the other hand, ASDA-NPI responded positively to the AGM statement and moved ahead late to close 4 higher at 160p.

talk of a bid from English China Clays. US demand left Reuters 8 higher at 53 1/2, while other good spots included Cookson, 23 dearer at 450p, and B&W 19 up 4 1/2 to 185p.

There were constant rumours, which lacked any confirmation, that some other major trading firms planned to move off the trading floor altogether in the near future.

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FT-ACTUARIES INDICES

Table of FT-Actuaries Indices showing various equity groups and sub-sections with columns for Index No., Index, and Change.

FIXED INTEREST

Table of Fixed Interest rates for various maturities and types, including British Government, High, and Irredeemables.

LONDON TRADED OPTIONS

Table of London Traded Options showing various call and put options with columns for Option, Calls, and Puts.

EUROPEAN OPTIONS EXCHANGE

Table of European Options Exchange showing various options with columns for Series, Vol., Last, and Stock.

BASE LENDING RATES

Table of Base Lending Rates for various banks and institutions, including ASB Bank, Aden & Company, and others.

WORLD STOCK MARKETS

AUSTRIA

Table of stock prices for Austria, including companies like Creditanstalt, Oesterreichische Bank, and others.

GERMANY

Table of stock prices for Germany, including companies like Deutsche Bank, Dresdner Bank, and others.

NORWAY

Table of stock prices for Norway, including companies like Bergens Bank, Christiania Bank, and others.

AUSTRALIA (continued)

Table of stock prices for Australia, including companies like Bank of New South Wales, Westpac, and others.

JAPAN (continued)

Table of stock prices for Japan, including companies like Dai-ichi Kangyo Bank, Industrial Bank of Japan, and others.

CANADA

Table of stock prices for Canada, including companies like Bank of Montreal, Royal Bank, and others.

BELGIUM/LUXEMBOURG

Table of stock prices for Belgium/Luxembourg, including companies like Belfrage, BNP, and others.

SPAIN

Table of stock prices for Spain, including companies like Banco de España, Banco de Vizcaya, and others.

SWEDEN

Table of stock prices for Sweden, including companies like SCA, Astra, and others.

HONG KONG

Table of stock prices for Hong Kong, including companies like Bank of China, HSBC, and others.

JAPAN

Table of stock prices for Japan, including companies like Dai-ichi Kangyo Bank, Industrial Bank of Japan, and others.

NEW YORK

Table of stock prices for New York, including companies like IBM, AT&T, and others.

DENMARK

Table of stock prices for Denmark, including companies like Danmarks Bank, Ny Carlsberg, and others.

ITALY

Table of stock prices for Italy, including companies like Banco di Sicilia, Banco di Napoli, and others.

FINLAND

Table of stock prices for Finland, including companies like Aktia, Suomen Säästöpankki, and others.

NETHERLAND

Table of stock prices for Netherlands, including companies like ABN-Amro, Friesland-Venlo, and others.

FRANCE

Table of stock prices for France, including companies like Caisse d'Allocations Familiales, Caisse d'Allocations Familiales, and others.

INDEXES

Table of various stock indices including NYSE, FTSE, Nikkei, and others.

OVER-THE-COUNTER

Table of over-the-counter stock prices for various companies.

NEW YORK

Table of stock prices for New York, including companies like IBM, AT&T, and others.

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Table of stock prices for Netherlands, including companies like ABN-Amro, Friesland-Venlo, and others.

FRANCE

Table of stock prices for France, including companies like Caisse d'Allocations Familiales, Caisse d'Allocations Familiales, and others.

INDEXES

Table of various stock indices including NYSE, FTSE, Nikkei, and others.

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table containing stock prices for various companies, organized in columns with headers for stock name, price, and change. Includes sub-sections like 'D D D', 'G G G', 'K K K', 'L L L', 'M M M', 'N N N', 'O O O', 'P P P', 'Q Q Q', 'R R R', 'S S S', 'T T T', 'U U U', 'V V V', 'W W W', 'X X X', 'Y Y Y', 'Z Z Z'.

Continued on Page 39

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NYSE COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices. Columns include 12 Month High, Low, Stock, P/E, Div, Yld, and various price points. Includes sub-sections like 'Continued from Page 38' and 'U U U'.

AMEX COMPOSITE CLOSING PRICES

Table of AMEX Composite Closing Prices. Columns include Stock, P/E, Div, Yld, and various price points. Includes sub-sections like 'D D D', 'J K', 'L L', 'M M', 'N N', 'O P', 'R R', and 'S S'.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of Over-the-Counter (Nasdaq) national market closing prices. Columns include Stock, Sales, High, Low, Last, and Change. Includes sub-sections like 'A A', 'B B', 'C C', 'D D', 'E E', 'F F', 'G G', 'H H', 'I I', 'J J', 'K K', 'L L', 'M M', 'N N', 'O O', 'P P', 'Q Q', 'R R', 'S S', 'T T', 'U U', 'V V', 'W W', 'X X', 'Y Y', and 'Z Z'.

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FINANCIAL TIMES

WORLD STOCK MARKETS

WALL STREET

Takeovers fuel fresh advance

THE LITTLE strength stock prices could muster yesterday on Wall Street came almost entirely from speculation over a wide range of takeovers against the background of a sharply higher bond market, writes Roderick Oram in New York.

Bond prices soared by more than 1 1/2 points amid rumours Japan was considering an interest rate cut and the fall in oil futures below \$14 a barrel on the New York Mercantile Exchange.

The Dow Jones industrial average closed up 6.33 points at 1,851.80 while the New York Stock Exchange composite index advanced 0.61 of a point to 136.80. Volume expanded to 185.1m from 147.1m on Tuesday with advancing issues outnumbering declining by 1012 to 567.

Among blue chips, Du Pont was ahead \$1 to \$83 3/4, Chevron was down \$ 1/4 to \$41 1/4, IBM rose \$ 1/2 to \$121 1/4, Philip Morris gained \$ 1 to \$73 3/4, Sears Roebuck rose \$ 1 1/4 to \$44, and United Technologies advanced \$ 1/2.

AT&T, which announced a strengthening of its pact with Olivetti, the Italian computer group, gained \$ 3/4 to \$24 1/4. Commercial Credit was the most ac-

tive issue with more than 11.3m shares traded by early afternoon with the price rising \$ 1/4 to \$21. The financial services company was spun off by Control Data yesterday in an initial public offering of 38m shares at \$20 1/4 in a deal worth \$780m.

BankAmerica jumped \$2 to \$15 1/4 following a revised takeover offer worth an estimated \$22 a share in securities of First Interstate Bancorp. First Interstate fell \$ 1/4 to \$54 1/4.

USX fell \$ 1/4 to \$25 1/4. Mr David Roderick USX chairman, was due to meet Mr Carl Icahn yesterday afternoon for the first time since Mr Icahn made a \$31 a share bid for USX. The steel and energy group said it would receive shortly proposals for restructuring drawn up for it by investment banks.

Goodyear gained another \$ 1/4 to \$48 1/4 on volume of more than 3m shares by lunchtime. The market is certain that Sir James Goldsmith, the Anglo-British financier, has built up a 15 per cent stake, possibly in partnership with another investor. No filings with the Securities and Exchange Commission declaring stakes have been made public yet.

Leas Sieglar, up \$ 1/2 to \$82 1/4, said a partnership consisting of AIRC Company and Wagner and Brown, has indicated that it holds a 5 per cent stake and has requested a meeting with the management.

Among other stocks involved in takeover and restructuring speculation, W. R. Grace rose \$ 1/4 to \$58 1/4, CPC International was ahead \$ 1/4 to \$80 1/4, Lowe's Companies surged \$ 3/4 to \$29 1/4 and Federated Department Stores gained \$ 1/4 to \$95 1/4.

E.F. Hutton, the securities firm, surged \$ 1/4 to \$52 after its opening was delayed by an order imbalance. American Express, down \$ 1/4 to \$57 1/4, denied the recurring speculation that it was about to announce an agreed merger.

Genentech fell \$ 1/4 to \$88 1/4 after jumping \$12 1/4 on Tuesday after it announced it was offering \$40m of its stock to buy out two research and development partnerships.

Among companies reporting higher third-quarter profits yesterday, American Can rose \$ 1 to \$88 1/4 and Tandem, the computer group, gained \$ 1 to \$38 1/4. Tenneco rose \$ 1/4 to \$39 1/4 after reporting a sharp fall in earnings.

Credit markets recovered from their sharp price fall late on Tuesday when the auction of seven-year notes brought higher-than-expected yields.

The price of the benchmark 7.25 per cent Treasury bond due 2016 soared by 1 1/4 points to 94 1/4 yielding 7.68 per cent. In the "when issued" market the new seven-year notes were back down to a yield of 7.17 per cent near the level before the auction result of 7.21 per cent was announced.

Treasury bills fell four basis points across the board with three-month bills at 5.19 per cent, six month at 5.25 per cent and year bills at 5.44 per cent.

The Treasury announced in late afternoon a \$29bn quarterly refunding operation beginning next week while it left unchanged the 7.50 per cent interest rate on US savings bonds. The high rate of the bonds has attracted an unprecedented flow of funds.

Investors were also keeping a close eye on the release today of September's trade deficit. A small increase from August's \$13.3bn is likely but the analysts will be looking for any signs within the total figure that the sharp fall in the dollar is beginning to have some positive effect on the balance.

EUROPE

Corporate news gives inspiration

CORPORATE NEWS continued to offer the main source of interest on European bourses yesterday as investors remained cautious and trading volume hugged low levels.

Frankfurt staged a late recovery from the day's lows but the Commerzbank index showed a 16.8 drop to 1,937.7.

Daimler was a prime feature with its DM 19 drop to DM 1,197, after touching DM 1,190, on the growing belief that the group was poised to announce a capital raising plan.

VW suffered an equally sharp DM 6.30 decline to DM 495.50, while BMW proved more resilient with a DM 2.50 fall to DM 572.

Banks were still overshadowed by the implications of the Neue Heimat debt restructuring saga and Deutsche Bank dropped DM 5.50 to DM 750.50.

Chemicals were less vulnerable to the softer tone as BASF slipped DM 3 to DM 271.50 and Bayer closed DM 1 lower at DM 289.

Among steel makers, Hoesch, which agreed to buy a small German electrical engineering company, lost DM 2 to DM 132.

KHD dropped DM 3 to DM 195 and Mannesmann declined DM 4.50 to DM 170.50 on reports that the West German engineering industry could expect slower growth next year as exports declined with the lower dollar.

A BFG Bank report for the German equity market suggested that prices are likely to remain firm in the short-term because of the solid fundamentals of the economy but that a flexible investment policy was necessary because of the volatility of interest rates and currencies.

Chemicals were likely to benefit from cheaper oil and low inflation, while the electronics sector could expect about a 20 per cent rise in profits. The consumer sector was forecast to see an earnings growth of 4.5 per cent, the same as this year.

Bond prices dropped by up to 70 basis points at the long end. The softer dollar failed to lend support, although dealers suggested that today's US trade figures for September could provide some strength if another wide deficit is revealed.

The Bundesbank market balancing operations amounted to purchases of DM 51.5m of paper after Tuesday's sales of DM 81.8m.

A Dresdner Bank report forecast that a sustained rise in bond yields in unlikely and recommended that medium-term

DM bonds be purchased and foreign currency positions reduced.

Paris opened firm but lost some of its momentum near the close. Dassault jumped Ffr 47 to Ffr 1,165 on news that Mr Serge Dassault, son of the late founder, would take over control of the aerospace group.

Publishing group Presse de la Cité, subject to a takeover bid by Générale Occidentale, traded 2.1 per cent higher to a 12-month peak of Ffr 2,830.

Peugeot rose Ffr 21 to Ffr 1,088 ahead of its jump in first-half profits.

Brussels was mixed ahead of expected government details of a pension savings scheme. Bellwether Petrofina dropped Bfr 60 to Bfr 9,300.

Solvay, which announced that it would stop soda ash production at its Swiss subsidiary in a move to restore profitability, fell Bfr 60 to Bfr 7,990.

A public offering by the family-owned sausage company Ter Beke was heavily oversubscribed. The issue, underwritten by Générale de Banque, will commence trading next Tuesday.

Madrid continued its decline with large losses among banks. Hispano fell 10 percentage points to 430 per cent of nominal value while Vizcaya dropped 50 points to 1,320 per cent. Steels and most building issues gave up ground as profit-takers sold rapidly. Telecommunications monopoly Telefonica proved relatively resilient with its 1/4 point fall to 168 per cent.

Zurich finished steady in light volume. Amsterdam fell although some internationalists managed a late recovery. Océ van der Grinten closed Ft 15 lower at Ft 147 after a brief suspension by the bourse following "bearish press reports."

Stockholm turned mixed in lacklustre dealing. Fermenta, due to report its ninth-month figures today, dipped SKr 2 to SKr 130. SKF, which revealed soft ninth-month profit figures late in the day, fell SKr 5 to SKr 343.

London closed lower with Olivetti down L100 to L15,300 on its plans to renegotiate its alliance with AT&T.

Piat fell L70 to L15,380 ahead of its rights issue announcement.

AUSTRALIA

A RUSH for gold issues spilled into industrialists in Sydney, where the market closed sharply higher. The All Ordinaries index closed 18.6 higher at 1,374.3.

The main feature of the day's trading was the news that Chase Corp is to make a A\$1.15 a share offer for all the issued capital of Hanimex. Chase ended 40 cents higher at A\$6.20 while Hanimex put on 5 cents to A\$1.00, still 15 cents below the offer price.

Leading golds finished strongly, boosted by the US\$3.60 an ounce rise in billion-prices in New York.

Poseidon gained 45 cents to A\$4.50, Renison rose 24 cents to A\$9.40 while Kidston advanced 40 cents to A\$8.20. Most leading miners were also ahead.

LONDON

A FORECAST of a 1 per cent rise in UK manufacturing output by Britain's employers' organisation helped share prices move higher in London, and the FT Ordinary index showed a gain of 11.6 to 1,287.2 at the close. The FT-SE index advanced 13.4 to 1,597.0.

Gilt was initially encouraged when the new £1bn Treasury tap stock was oversubscribed, but prices later eased as the market faced the problem of passing on the stock to retail customers. Long-dated issues ended with losses of 1/2.

Despite low morale on the exchange's floor a brisk trade was maintained across the range of markets, with company results and speculative factors providing many features.

Chief price changes, Page 37; Details, Page 36; Share information service, Page 34-35.

HONG KONG

SPECULATION ABOUT share placements by some blue-chip companies was seen in Hong Kong, where prices eased a shade lower in fairly active trading.

The Hang Seng index lost 10.68 to end at 2,345.24 after losing some 15 points early and gaining the same number in the afternoon.

Institutional buying interest was subdued amid persistent selling, brokers said, adding that the near-term outlook had become uncertain.

Properties were mixed, with Cheung Kong easing HK\$1.25 to HK\$3.00. New World added 30 cents to HK\$19.15.

SINGAPORE

SPORADIC SELECTIVE buying alternated with profit-taking bouts in active Singapore trading that saw the market close mixed. The Straits Times industrial index shed 0.27 points to 624.21.

Public Bank topped the actives and gained 17 cents to S\$1.46, while Malayan Banking rose 10 cents to S\$5.15. Tat Lee Bank was steady, at S\$3.16 while DBS was 10 cents cheaper at S\$9.65.

Plantation group Sime Darby rose 1 cent to S\$1.92.

Inchepe gained 3 cents to S\$3.02 while OUB rose 17 cents to S\$1.46.

CANADA

DECLINING GOLD issues dragged Toronto weaker in fairly light trading. Easier golds included Echo Bay Mines, which dropped C\$1 to trade at C\$28 1/2, Lac Minerals C\$ 1/2 to C\$24.00 and International Corona C\$ 1/2 to C\$26 1/2.

Dome Petroleum was unchanged at C\$1.14 after the company said on Tuesday night that its major international lenders had agreed to further referral of debt payments.

Other energy issues were mixed. Imperial fell C\$ 1/4 to C\$44 1/4, Texaco Canada rose C\$ 1/4 to C\$27 1/4, while Shell Canada was unchanged at C\$22 1/4. Montreal was also lower.

KEY MARKET MONITORS			
STOCK MARKET INDICES			
NEW YORK	Oct 29	Previous	Year ago
DJ Industrials	1,851.80	1,845.47	1,368.73
DJ Transport	839.08	834.25	650.40
DJ Utilities	206.99	205.09	160.24
S&P Composite	240.94	238.26	188.23
LONDON	Oct 29	Previous	Year ago
FT Ord	1,267.2	1,255.6	1,067.3
FT-SE 100	1,597.0	1,583.6	1,264.4
FT-A All-share	792.72	786.97	678.20
FT-A 500	864.21	866.80	741.84
FT Gold mines	295.9	277.7	246.6
FT-A Long gilt	10.53	10.49	10.30
TOKYO	Oct 29	Previous	Year ago
Nikkei	16,505.38	16,223.09	12,913.9
Tokyo SE	1,375.47	1,365.61	1,019.77
AUSTRALIA	Oct 29	Previous	Year ago
All Ord.	1,374.4	1,357.5	1,032.6
Metals & Mins.	710.8	684.4	517.2
AUSTRIA	Oct 29	Previous	Year ago
Credit Aktien	227.45	228.97	198.54
BELGIUM	Oct 29	Previous	Year ago
Belgian SE	n/a	3,857.39	2,752.54
CANADA	Oct 29	Previous	Year ago
Toronto	2,093.4	2,111.60	1,756.0
Composite	3,011.8	3,014.3	2,652.2
Montreal	529.48	527.77	427.17
FRANCE	Oct 29	Previous	Year ago
CAC Gen	378.4	377.50	218.3
Ind. Tendence	144.4	144.10	79.8
WEST GERMANY	Oct 29	Previous	Year ago
FAZ-Aktien	646.45	653.73	578.81
Commerzbank	1,937.70	1,954.60	1,712.8
HONG KONG	Oct 29	Previous	Year ago
Hang Seng	2,345.24	2,355.93	1,854.03
ITALY	Oct 29	Previous	Year ago
Banca Com. Ind.	748.68	755.57	408.90
NETHERLANDS	Oct 29	Previous	Year ago
ANP-CBS Gen	267.50	270.00	224.2
ANP-CBS Ind	268.70	271.60	233.2
NORWAY	Oct 29	Previous	Year ago
Oslø SE	368.19	368.20	388.20
SENEGAL	Oct 29	Previous	Year ago
Straits Times	924.21	924.48	769.68
SOUTH AFRICA	Oct 29	Previous	Year ago
JSE Golds	1,802.0	1,099.8	946.2
JSE Industrials	1,370.0	946.2	
SPAIN	Oct 29	Previous	Year ago
Madrid SE	181.94	184.03	92.33
SWEDEN	Oct 29	Previous	Year ago
J & P	2,538.81	2,546.78	1,439.76
SWITZERLAND	Oct 29	Previous	Year ago
Swiss Bank Ind	565.10	564.40	501.5
WORLD	Oct 29	Previous	Year ago
MS Capital Int'l	333.0	330.40	230.6
COMMODITIES			
(London)	Oct 29	Prev	Year ago
Silver (spot fixing)	395.40p	399.15p	
Copper (cash)	£916.50	£923.00	
Coffee (Nov)	£2,222.50	£2,387.50	
Oil (Brent blend)	\$12.80	\$13.25	
GOLD (per ounce)			
(London)	Oct 29	Prev	Year ago
London	\$405.25	\$411.75	
Zurich	\$406.35	\$410.65	
Paris (fixing)	\$405.94	\$410.43	
Luxembourg	\$408.25	\$410.50	
New York (Dec)	\$407.30	\$413.80	

TOKYO Utilities generate new gains

VOLUME SWELLED in Tokyo yesterday, with the start of trading for delivery next month, and the Nikkei average registered another large gain, writes Shigeo Nishiwaki of Fuji Press.

But trading was undertaken mainly by securities house dealers, since investors were still wary about the outlook for prices, analysts said.

The average advanced by 107.55 to 16,505.38 on a volume of 501.98m shares, a sharp increase from the previous day's 314.62m. Gains led losses 455 to 338, with 147 issues unchanged.

Prices continued to move nervously throughout the day, according to one dealer for a leading securities house. Utilities were bought heavily early in the session, pushing the Nikkei average up by 133 points to a high mid-morning. But buying then subsided, bringing the increase back to 35 in the afternoon, although utilities were bought again towards the close.

Tokyo Electric Power acted as a market stimulant, soaring ¥190 to ¥8,890. The issue appeared undervalued compared to the ¥1,197,000 selling price the Finance Ministry set yesterday for individual investors in Nippon Telegraph and Telephone. Tokyo Gas, a stock related to the Tokyo Bay area redevelopment project, gained ¥15 to ¥910 on the heaviest trading of 41.89m shares.

Ishikawajima-Harima Heavy Industries, also with real estate in the Tokyo Bay area, came second with 32.42m shares, but lost ¥8 to ¥420. Nippon Kōkan, third with 28.63m shares, dropped ¥9 to ¥209.

Blue chips lost popularity due to a slowdown in the yen's decline and announcement of a series of poor business results. Mitsubishi Electric, which on Tuesday reported a steep drop in recurring profit for the April-September term, shed ¥19 to close at ¥409. Fujitsu, which had led blue chips, declined ¥50 to ¥1,080. Matsushita Electric Industrial ¥40 to ¥1,820 and Hitachi ¥11 to ¥880.

In contrast, speculative leaders attracted buy orders. Janome, Tobishima and Tokyo Tanabe scored a daily limit increase of ¥100 each to ¥2,260, ¥663 and ¥810, respectively. Ihara Chemical finished at ¥1,600, up ¥200, also a limit gain.

Bond prices opened weaker because of the mediocre results of Tuesday's bidding for seven-year US bonds, but firmed slightly toward the close.

Trading was mainly to correct the high price of the 6.2 per cent government bond due in July 1996, with its yield rising from 5.285 per cent to 5.305 per cent. The price of the benchmark bond had been more than ¥5 higher than the December futures contract, but the gap has narrowed to nearly ¥1.40 in recent sessions.

SOUTH AFRICA

A FALL in the bullion price was reflected in Johannesburg gold issues, which retreated from their firmer midsession levels to close mixed. Industrials tended firmer.

In golds, heavyweight Osiel ended R3 higher at R135 after reaching a day's high of R136.

Platinums and most other minings also retreated from their earlier highs with Impela ending unchanged at R49.50, while diamond issue De Beers rose 25 cents to R34.25.

Just what's wrong with your staff?

Heart and Circulatory disease
65-2 million working days lost a year.

Respiratory illnesses (including colds and flu)
47-7 million working days lost a year.

Backache
29 million working days lost a year.

Diabetes
4-7 million working days lost a year.

Cancer
4 million working days lost a year.

The biggest reason for time off work may not be what you'd first expect. Because it's not backache or injuries. Or colds and flu. And even strikes and disputes only accounted for 6-4 million lost days last year. In fact it's heart and circulatory disease that keeps more than 200,000 British people away from their offices and

factories on a typical working day. Not only that, this same condition is also the largest single cause of premature death in Britain. Claiming more than 150,000 lives every year. Often hitting people at the peak of their working careers.

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Position: _____
Company size (tick box)
Up to 50 employees 50-250 employees
250-1,000 employees Over 1,000 employees

British Heart Foundation
The heart research charity.

(Days certified incapacity for work: 1982/3 DHS)

FINANCIAL TIMES SURVEY

Northern Ireland

Twelve months after its signing the Anglo-Irish Accord is still in operation, despite continued opposition, and some modestly encouraging developments are evident within the economy. The course of events, however, remains hard to predict

A bridge under crossfire

By Hugh Carnegy

THE LAST 12 months have been the year of the Anglo-Irish agreement in Northern Ireland. Even by the standards of 16 years of political conflict and violence in the province, it has been a fraught period.

As the first anniversary of the signing of the Accord approaches on November 15, the British and Irish Governments can claim that their pact is still firmly in operation, an achievement in itself in the grim history of previous failed attempts to resolve Northern Ireland's troubles.

The intergovernmental conference it set up has met regularly despite occasional disagreements between its co-chairman, Mr Peter Barry, the Irish Foreign Minister, and Mr Tom King, the British Secretary of State for Northern Ireland. Irish officials work on at the conference secretariat outside Belfast.

The governments assert that the Accord has produced advances in cross border security co-operation against the Irish Republican Army and in measures to reduce the grievances of the minority Catholic community. An inter-

national fund has been set up with generous contributions from the US and elsewhere to back the Accord by dispersing funds to impoverished areas on both sides of the border.

The approach is that the agreement is a marathon, not a sprint, that it will take time—much more than one year—to achieve its aims.

Yet the fact remains that thus far the agreement has signally failed to impress the majority Protestant community which remains steadfastly opposed to it. Unionist politicians are divided and unclear on how to further their campaign against the Accord, but a feature of the year has been the eclipse of the more moderate official Unionist Party by its anti-agreement partner, the Democratic Unionist Party of the Rev Ian Paisley.

At present, Unionist and Nationalist politicians are probably as far removed from any all-party discussions on devolved government in the province—a key objective of the agreement—as they have ever been.

It is true that Loyalist opposition has not reached the level of the all-out strike that broke the Sunningdale power-sharing initiative in 1974.

Nevertheless, the province has endured a year marked by serious street disturbances, including a one-day industrial stoppage by Unionists, unprecedented attacks on the Royal Ulster Constabulary by Loyalists, sectarian campaigns by Protestant paramilitaries of murder and intimidation against Catholics, and killings and bombings by the IRA.

Meanwhile, the battered economy has not fared much better. Sectorally, there are some bright spots and some dark ones. A visitor to Belfast will testify to the vibrancy of the city centre.

There has been success in stimulating small business and a revival in the textile and clothing industry, while the state-owned groups Harland and Wolff and Short Bros have both seen improved fortunes. Unemployment has, however, continued its inexorable climb.

The massive injections of public spending over the past few years have done much to improve the infrastructure to a level that is the envy of many regions of the Republic and to boost a large section of the economy. But if these funds were supposed over time to soften political enmities, there has not been much evidence of that lately.



Accord: Irish Foreign Minister Peter Barry (above, left) and Northern Ireland Secretary Tom King meeting at Stormont for the first Anglo-Irish conference on the future of Northern Ireland. Discard: Deputy leader of the SDLP Seamus Mallon (right), the main supporter of the Accord and leader of the Democratic Unionist Party Ian Paisley, its chief opponent.

The strategy behind the agreement was to undermine the IRA and Sinn Fein, its political wing, which are regarded in Dublin as just as great a threat to political stability in the Republic as in Northern Ireland or Britain. This was to be achieved by the two Governments co-operating closely on security and formulating measures that would reduce the grievances of the

minority Nationalist community upon which the IRA feeds for its support. Ultimately, the agreement was to lead to devolved government in the province in a power-sharing arrangement. The Irish Government put aside, at least for some time, the nationalist aspiration to Irish unity while the British accepted a measure of Irish involvement in Northern affairs.

Crucially, however, the agreement was negotiated over the heads of Unionist politicians whose stubborn opposition to any move which smacked to them of an attempt to loosen Northern Ireland's ties to the UK had halted previous initiatives. One persuasive assessment of the agreement comes from Mr Seamus Mallon, deputy leader

of the Social Democratic and Labour Party, the main northern constitutional Nationalist party which supports the Accord. He says that the Accord should be seen on three levels. First, it represents the most important advance for northern Nationalists since they were cut off from the rest of Ireland by partition in 1922. Second, it has prompted a fundamental reassessment of the Unionist

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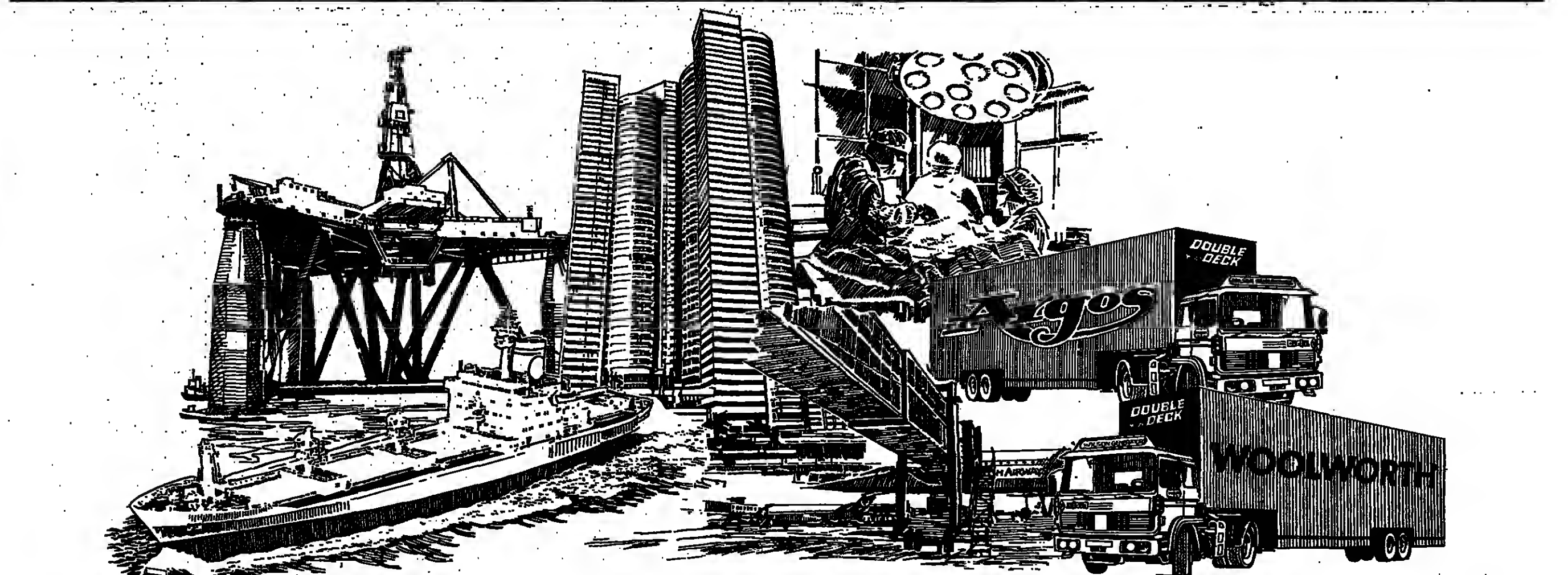
position. The third level is that of the specific measures produced by the intergovernmental conference, on which he feels progress has been too slow. But his overriding acid test is the question whether or not Nationalists would like to return to the days before the agreement. The answer must be no, he says. If he is right, then the Accord may have gone some way to achieving the goal of undercutting IRA/Sinn Fein support. Certainly, on his second point, there is evidence that behind the "Ulster says no" intransigence of the Unionist parties, serious rethinking has gone on about new policies for the future, especially as there is a feeling that Britain is now irreversibly hostile to the Unionist cause. Some, albeit faint, voices have been heard suggesting new constitutional arrangements such as something close to Irish federalism.

The point that most Unionists would make, however, is that in the bid to draw Nationalists deeper into the democratic fold, constitutional Unionism was pushed out into the cold to make way, swapping the alienated majority and provoking an upsurge in ugly Loyalist street politics.

The so far futile attempts by the two governments to draw Unionists into dialogue have not been helped by an unfortunate double speak in which the two sides tend to represent the agreement as different things to different people.

Thus the Irish Government and the SDLP, anxious to reassure Nationalists that the Accord will benefit them, say that it represents a fundamental shift in Northern Irish affairs. Dublin publicly claims some credit for changes in the North such as new proposals for measures to tackle discrimination against Catholics in employment, new complaints procedures for the RUC, some aspects of RUC and army policy and a decision to demolish the notorious Divis and Rossville slum flats in Catholic parts of Belfast and Londonderry.

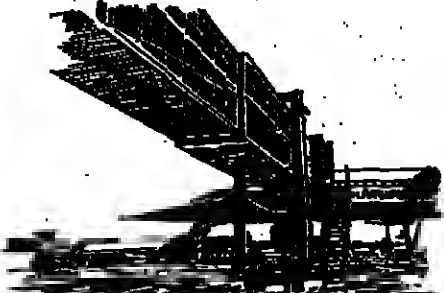
Meanwhile in Belfast, Mr King takes a different line, telling Unionists that the agreement does not alter the constitutional position of the province, indeed, that it cements it. Most of the above changes are purely British Government decisions, he says. Unionists simply choose to believe the version they fear most—the Irish version. They also scoff at British insistence that the agreement has brought improvements to cross-border security.



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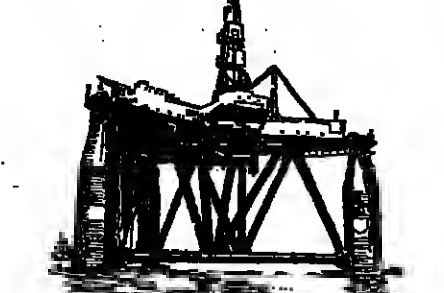
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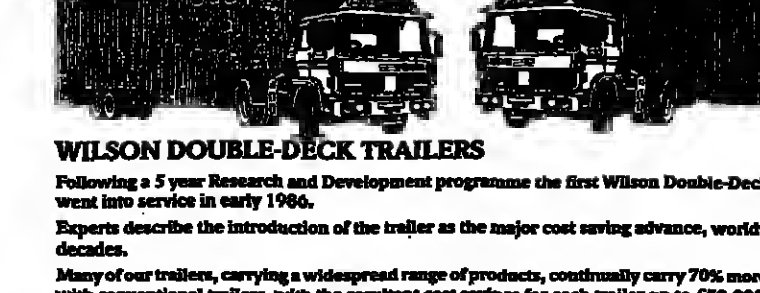
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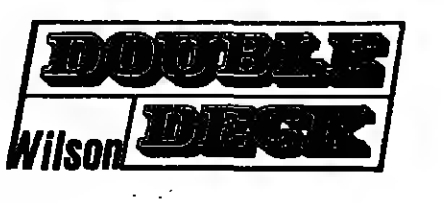
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Northern Ireland 2

Economic overview

Better outlook for industry

A GOOD IDEA of the sorry state of the economy in Northern Ireland, which the European Commission ranks as the second most impoverished of the Community's 139 regions, can be gained from the following:

● Unemployment in the province is running at around 22 per cent. In some areas such as inner Belfast and Strabane, County Tyrone, the level is more than twice that.

● Growth of the labour force is such that annual job creation needs to double just to hold current unemployment rates steady.

● Some 45 per cent of those who are in a job are employed in the public sector. It is estimated that in industry annual government support of £220m, in the form of subsidies, grants and other aid, accounts for one-third of wages.

● On a 1980 base of 100, the manufacturing output index last year reached 98, while the construction index was at 72.

As if these facts were not enough to have to cope with, the last 12 months have been yet another period of acute political conflict, this time over the Anglo-Irish agreement which inevitably spilled over into the economy.

A province-wide one-day stoppage in March called by Unionists opposed to the pact sent an apprehensive shiver through the business community. Later Irish Republican Army death threats to people working for the security forces and counter-threats by Protestant groups fuelled serious talk of faltering confidence and worries about the effect on potential inward investment.

The recent announcement of a Japanese project helped allay these, but government officials and businessmen alike dread any further politically-inspired industrial disruption.

For a first-time visitor to Belfast, these gloomy observations might seem hard to reconcile with the bustle of the city centre. The streets are full of late model cars, shiny bank and building societies branches, dozens of the best known British high-street stores and plenty of good restaurants.

These outward signs of prosperity are not an illusion. To the past few years, the retail sector in particular in Northern Ireland has experienced something of a boom, new car buying has been strong and so has the demand for hire purchase

credit and personal lending.

The explanation, according to Mr Michael Smyth, senior economics lecturer at the University of Ulster, lies in the high level of public sector support for the local economy illustrated above which totals £4.5bn per year. Factors such as continued high numbers of shopping sprees from the Republic of Ireland help to buoy the trend, but the security of income afforded to those in the public sector has created a stability in a section of the local economy which promotes consumer spending.

"Public spending keeps this place together," says Mr Smyth. The otherwise cost-cutting Conservative Government has not wielded the axe in Northern Ireland, but as the Department of Economic Development in Belfast says, there is no prospect of a real further expansion of the public sector in the province.

Thus the Government and its development agencies look to industry for growth opportunities. What, then, is the background to and what are the prospects for industry in Northern Ireland?

The province built its industrial base on shipbuilding, textiles and engineering. Although unemployment in Northern Ireland was always well ahead of UK averages, levels of around 5 per cent in the 1960s now seem impossibly low. At that time, inward investment was supplementing the traditional domestic producers as British and foreign companies set up manufacturing plants locally.

By the end of the 1970s, however, when the recession struck, Northern Ireland found itself particularly vulnerable. Shipbuilding, the linen industry and other local stalwarts contracted dramatically and the province found itself facing the downside of inward investment as outside companies in distressed areas shut down peripheral plants first, then the main industry, which had been strong, was almost wiped out in Northern Ireland by this trend.

With political violence and instability also playing a major part in souring the economic climate (and the large agricultural sector, facing its own difficulties), the effect was a decline in manufacturing employment, from more than 170,000 in 1974 to less than 100,000 in 1984. Since the darkest days of the recession, some light has glim-

mered in the tunnel. There has been a significant revival in the linen industry in particular and in the textile and clothing industry as a whole as local manufacturers have got to grips with new technology and developed more sophisticated marketing techniques.

There has been a good number of encouraging successes among very small businesses operating in areas as diverse as electronics and added-value food processing. Even the great state-owned giants of industrial Belfast, shipbuilders Harland and Wolff and aircraft-makers Short Brothers have shown some improvements, though they both face difficult futures.

The prospect of commercial exploitation of lignite deposits around Lough Neagh also gives hope on the energy front.

Broadly speaking, strategies for reinvigorating the Northern Ireland economy divide into those which emphasise the role of the private sector, very much the Government's approach, and those which advocate public sector-guided, long-term planning.

Mr John Freeman, regional secretary of the Amalgamated Transport and General Workers Union, wrote in a recent paper adopted by his union that there was a need for the public sector to play a greater role as an investor, including the Industrial Development Board pursuing equity investment in the private sector.

In this way the board would negotiate "enterprise planning agreements" with employers and trade unions covering every aspect of operations and taking account of social cost-benefits.

As a producer, the public sector would play a larger role by, for example, taking full control of services such as transport and extending public enterprise in the production of goods for public bodies. Mr Freeman picked up a recent suggestion that manufacturing industry is in such a poor state that the public sector must carry the burden of combating unemployment in the short term while it backs a 10-year reindustrialisation plan based on small to medium-sized firms in selected sectors such as textiles and engineering.

Output trends PRODUCTION AND MANUFACTURING

Percentage change on previous period	UK		N. IRELAND	
	Production	Manufacturing	Production	Manufacturing
1982	+1.8	+0.3	-4	-4
1983	+3.6	+2.9	-1	+3
1984	+1.3	+2.9	+3	+2
1985	+4.7	+2.9	+2	+2
1985 1st quarter	+2.5	+2.7	+1	+2
2nd quarter	+1.9	+0.5	+2	+1
3rd quarter	+1.9	-0.2	-2	-2
4th quarter	+1.1	-0.2	+1	+2
1986 1st quarter	+0.5	-1.3	0	0

Sources: CSO, Monthly Digest of Statistics; Department of Economic Development Northern Ireland Index of Production

From Coopers and Lybrand's Northern Ireland Economy Mid-Year Review.

This approach contrasts with the prevailing trend on the government side. The Department of Economic Development has produced an assessment which identified six areas which should be tackled to help promote growth through the private sector. The first three points mesh with some of the broad aims of the IDB, namely promoting "enterprise culture," improving local competitiveness by encouraging and retaining better management and marketing skills and working to ensure the peripherally-located province keeps in touch with all types of commercial innovations.

The fourth and fifth points focus on the need to improve the balance between the public and private sectors, partly by re-examining the way public funds are spent.

It is the sixth point which comes back to the fundamental weakness of the political uncertainty of Northern Ireland. Everyone is agreed that until that is resolved, the economy will not reach its full potential.

Hugh Carnegie

Public spending

	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans	plans
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Northern Ireland Office									
Law, order and protective services	308	339	356	372	401	435	464	470	490
Total Northern Ireland Office	308	339	356	372	401	435	464	470	490
Northern Ireland Departments									
Agriculture, fisheries, food and forestry	53	56	68	76	78	79	82	96	90
Industry, energy, trade and employment	338	359	347	357	403	417	465	460	460
Transport	120	125	111	122	122	122	120	120	130
Housing	239	224	284	315	337	357	355	360	360
Other environmental services	122	129	140	153	158	164	173	170	170
Law, order and protective services	18	12	14	15	18	21	21	20	20
Education and personal, social services	484	546	589	564	591	628	665	690	700
Social security	718	985	995	1,084	1,172	1,282	1,361	1,450	1,510
Other public services	18	22	23	29	28	25	30	30	30
Common services	16	16	19	20	22	41	45	50	50
Total Northern Ireland Departments	2,574	2,864	3,124	3,368	3,589	3,835	4,067	4,210	4,320
Total Northern Ireland	2,882	3,203	3,480	3,740	4,090	4,270	4,521	4,680	4,810

Public spending

Appetite keeps on growing

TO WHAT extent is Northern Ireland subsidised by the rest of the United Kingdom? It is a question which is sometimes asked out of more than academic interest. The view can be heard in mainland Britain that unless the people of the province settle their differences peacefully, they should be cut off without a penny.

In recent months, the Protestant community's overwhelming rejection of the Anglo-Irish agreement and talk in some Loyalist circles of opting for an independent Ulster has given the question fresh impetus.

The short answer is that the subsidy at present is a large one. It works out at a cash transfer of some £1.5bn out of a total public expenditure in 1985-86 of £4.5bn. This figure is arrived at by subtracting the tax revenue raised in Northern Ireland from the total amount of public spending in the province.

Put in another way, total public expenditure in Northern Ireland currently works out at £2,700 per person or £8,700 per household, 36 per cent of which comes from the UK. When measured in terms of the degree of dependence, the importance of public spending is even greater. A recent study of public expenditure in the province by the Belfast office of Coopers & Lybrand pointed out that a high proportion of taxation in the province is itself generated by public spending.

It calculates that public expenditure dependency, expressed as a percentage of Northern Ireland's GDP is around 70 per cent. In short, the official "subvention" from the UK Exchequer underestimates the true dependency of the Northern Ireland economy upon external support.

In contrast to the other nations and regions of the UK, the net transfers of public funds to and from Northern Ireland have long been easily identifiable because, until the early 1970s, the province had its own devolved parliament and administration.

Although there is presently no parliament or assembly, the devolved administration remains and public expenditure is still centred upon a Northern Ireland Consolidated Fund which balances the revenue raised to finance the government departments in the province with "grant-in-aid" from the UK Exchequer.

The UK Exchequer's subvention of £1.53bn in 1985-86 breaks down into £955m to support the activities and level of services in Northern Ireland Government departments; £47m on law, order and protective services under the jurisdiction of the Northern Ireland Office, the biggest items being the Royal Ulster Constabulary's grant and the cost of the motor and the province's narrow-gauge manufacturing base, severely weakened by the recession, has been in no position to begin to replace it.

Since then, the tightening restraints imposed by the present Government have removed that motor and the province's narrow-gauge manufacturing base, severely weakened by the recession, has been in no position to begin to replace it.

Although there are policies being applied in Northern Ireland which involve more of the cross provision from the public

are the extra cost of the army's operations in Northern Ireland, the cost of £1.5bn in 1985-86, and receipts from EEC funds and VAT refunds which work out at £22m and £27m respectively.

The present high level of subvention is a relatively new phenomenon. According to the Department of Finance, until the mid-1970s, tax revenue and public expenditure remained broadly within reach of each other. The picture has changed in recent years mainly because of the sharp decline in manufacturing employment in the province.

The cost of "law, order, and protective services" over 10 per cent of the total—is another exceptionally large item. But it reflects the Government's policy of shifting the main burden of security onto the police away from the army. As a result, it is Northern Ireland's budget rather than the Ministry of Defence's which carries the bulk of what in other circumstances might be classified as a military cost.

The transparent character of public expenditure in Northern Ireland is misleading in other ways. For example, hit by soaring energy prices in the 1970s because of its overwhelming dependence upon oil-fired power stations, Northern Ireland was allowed, uniquely, to introduce an energy subsidy, pegging the price to consumers to the highest tariff elsewhere in the UK. The public expenditure cost has been around £50m a year.

Yet, in practice, this kind of cross-subsidisation also exists in Britain, only it is hidden within the Central Electricity Generating Board accounting and distribution system. It does not appear, as in Northern Ireland, in the public expenditure figures for particular regions.

Beyond these qualifications, there is the whole question of what is public and private expenditure in view of the Government's privatisation drive in shifting whole slabs of the economy from one sector to another.

There is, however, no escaping the vital importance of public expenditure for the Northern Ireland economy. During the 1970s, it was the main generator of growth. It helped compensate for the sharp erosion of manufacturing employment.

Since then, the tightening restraints imposed by the present Government have removed that motor and the province's narrow-gauge manufacturing base, severely weakened by the recession, has been in no position to begin to replace it.

Although there are policies being applied in Northern Ireland which involve more of the cross provision from the public

purse than elsewhere, the province has not been insulated from the disciplines and strictures applied generally to the public sector by the present Government.

Ministers have insisted that Northern Ireland bodies apply the same budgetary disciplines which have led to cuts and closures in public services in other parts of the UK. In health authorities, for example, the financial difficulties, and pressures to privatise, have triggered the same kind of protest actions by health service trade unions seen in Britain. The government machine itself has been subject to efficiency drives.

In theory, a Secretary of State for Northern Ireland is free to spend the public expenditure block grant negotiated with the Treasury each year as he or she wishes. In practice, there is very limited room for manoeuvre.

The watershed is parity. Since Northern Ireland is part of the UK and the taxation is the same then, the argument goes, the benefits and services must also be kept broadly in line with Britain's. Hence there is no question, for example, of reducing social security benefits in order to increase, say, industrial investment incentives.

Beyond these very real re-

straints, the recent priorities laid down by successive Secretaries of State for the spending of Northern Ireland's block grant have been, first, law and order, second, industrial development and third, housing.

The net result is that Northern Ireland's public expenditure on new housing, for example, is presently way ahead of that in other parts of the UK.

On the other hand the amount being spent on roads and transport is lower than elsewhere. But this is because the transport infrastructure was given priority during the 1970s—which leads on to another significant point in looking at levels of public expenditure in particular years.

Within the UK, a unitary state, priorities for demands upon the public purse are ultimately fixed by the Treasury. As a result, this decade's high expenditure in certain regions can reflect low expenditure in the previous decade when other areas' needs were given priority.

Looking to the future, on any normal criteria, Northern Ireland's appetite for public spending is likely to grow rather than diminish.

Robin Reeves

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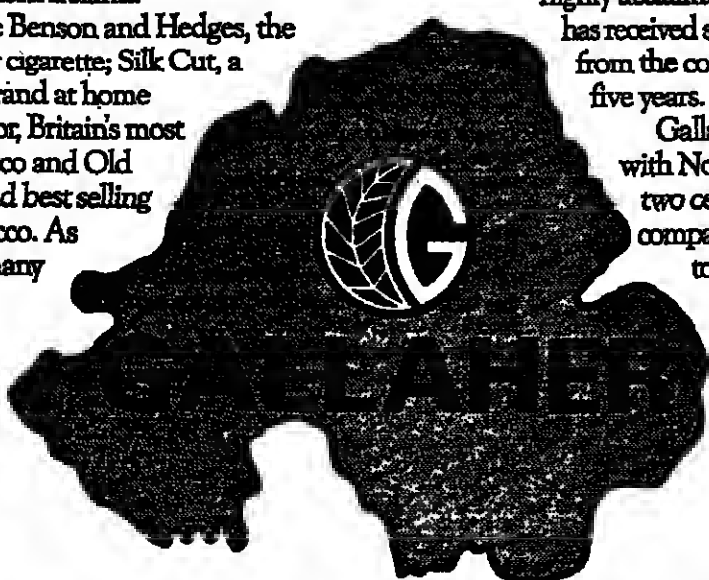
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Northern Ireland 3

Politics

Accord leaves the great divide unchanged

EVERYTHING in politics in Northern Ireland ultimately reduces to the issue of partition. With few exceptions, matters which elsewhere might be contested in terms of left and right, socialist and conservative, are subsumed into the province's essential division between Unionists—the predominantly Protestant majority—who want Northern Ireland to remain part of the United Kingdom and Nationalists—the mainly Roman Catholic minority—who aspire to unity with the Irish Republic.

So it is that over the last year issues such as Northern Ireland's wretchedly high unemployment rate and its limping economy have been overshadowed by the Anglo-Irish agreement, the attempt by the British and Irish Governments to resolve the historical hostility which has festered within the province since it was separated from the rest of Ireland in 1822.

On both sides of the fence, the picture, 12 months after the agreement was signed, is both unchanged and uncertain. On the Unionist side, the two main Unionist groups, the official Unionist Party and the Democratic Unionist Party, are unchanged in their implacable opposition to the Accord yet are uncertain and divided on how to proceed.

On the Nationalist side, the constitutional Social Democratic and Labour Party, the main backer of the Accord, is unchanged in its support just as Sinn Féin, the political wing of the IRA, is unchanged in its hostility. What is still uncertain at this stage is whether the agreement and its promise to improve the lot of Nationalists has produced the intended swing towards the SDLP away from Sinn Féin and its endorsement of IRA violence.

Some months before the agreement was signed, the OUP and DUP put aside past differences and formed a united front against any such accord, which was negotiated over their heads and which they regarded as a clear step towards a united Ireland.

Their pact survives but the differences in style and approach between the traditionally middle-class, solid Official Unionists, led by Mr James Moynseaux, and the Rev Ian Paisley's more extreme DUP are such that they have acted less and less in harmony.

Their campaign against the agreement started impressively with a huge and peaceful demonstration in Belfast. When the British Government took no notice, the 15 Unionist Members of Parliament resigned their seats and forced simultaneous



Mr James Moynseaux, of OUP and DUP, and (right) Mr Peter Robinson of the DUP. Both are implacably opposed to the Accord.



by-elections in what they styled a referendum on the Accord. The elections again demonstrated that the mass of Unionists were against the agreement, with Unionist candidates winning more than 400,000 votes. But the result lacked some conviction, partly because the mass of Nationalist voters stayed at home and partly because in one of the few constituencies where Nationalist candidates did stand, the Unionists lost a seat to Mr Seamus Mallon, deputy leader of the SDLP.

After the by-elections, as the Unionists struggled to find a way forward against the Government's refusal to compromise, their campaign began to fray and inherent differences between the OUP and DUP came to the surface. Mr Moynseaux and Mr Paisley held talks in late February with Mrs Thatcher which initially appeared to break the impasse. But within hours outraged hardliners in both parties, notably Mr Peter Robinson, Mr Paisley's deputy, forced them to repudiate further talks so long as the agreement stood and instead the Unionists held a

province-wide work stoppage on March 3. This deteriorated into a squall of street violence. From then on through the annual summer season of commemorative Protestant street parades the OUP, diverted by an internal debate over whether to pursue integration with Britain or devolved government, stood increasingly aside and silent as the younger, less squeamish DUP rank and file made the running.

One certain feature of all this was the emergence of Mr Robinson as heir-apparent to Mr Paisley as champion of hardline unionism, culminating in his arrest and arraignment in the Republic on serious charges arising out of a loyalist "invasion" of a village across the border in August.

The drift of Unionist politics onto the street was underlined by the OUP-DUP tactics of boycotting the 18 out of 28 local councils they control and by the closure by an exasperated Government of the Northern Ireland Assembly, which by the summer only the Unionists attended.

Across the divide, the SDLP were buoyed by the election of Mr Mallon in the border constituency of Newry and Armagh, not just because it doubled their representation at Westminster, but because it

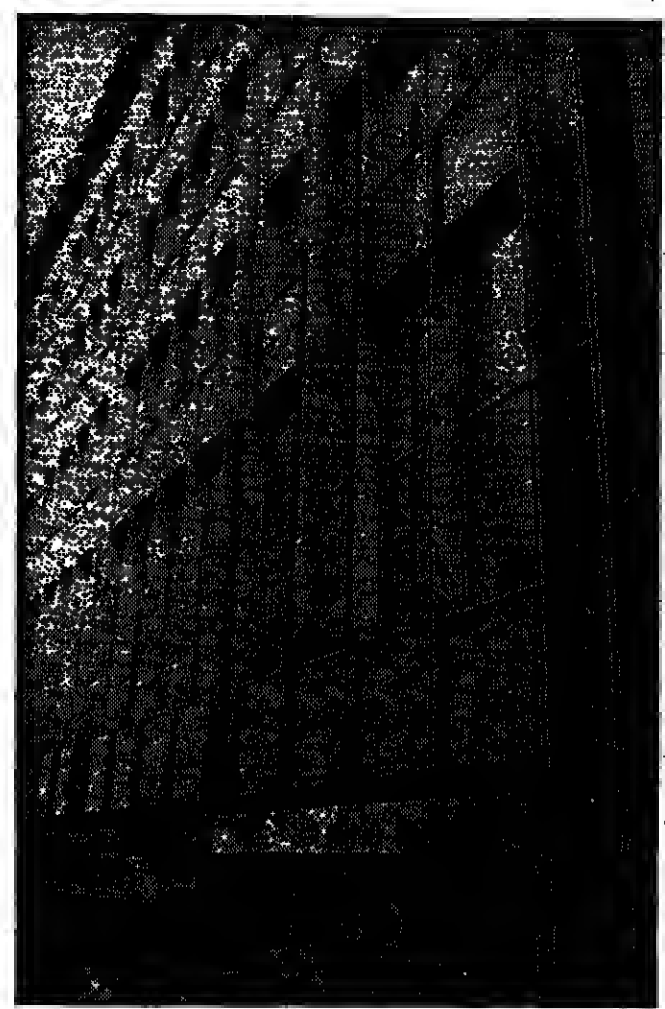
owed much to a swing from Sinn Féin, which in previous elections had polled around 40 per cent of the Nationalist vote.

The SDLP is committed to a power-sharing devolved Government in Northern Ireland, but with the Unionists refusing to bite on this carrot as long as the agreement exists, its main policy plank is the agreement.

It is therefore crucial to the party whether, since the initial signs in January, Nationalists have responded positively to the pact as the SDLP and the Irish Government claim, or whether Sinn Féin's insistence that Nationalists see nothing in the agreement except a greater threat of attack by increased Loyalists will prove more accurate.

Any voter seeking to transcend the traditional divide in Northern Ireland politics has the choice of the non-sectarian Alliance Party. But, underscoring the old imperatives, this has been a thankless year for the party. It was unenthusiastic about the agreement, but urged people to give it a chance. In the January elections its already marginal support slipped and with the demise of the assembly it lost its most valuable outlet.

Hugh Carnegy



The Belfast offices of the Bank of Ireland, one of the four major clearing banks.

Banking/Finance

Personal sector gives scope for expansion

WITH THE Trustee Savings Bank sitting on the proceeds of its recent flotation and building societies preparing to extend their services further when new regulatory provisions take effect in January, Northern Ireland's banks are facing unprecedented competition.

Add in other factors such as the growing number of big retail outlets offering their own in-house credit services and the buoyancy of consumer spending compared with a flat corporate sector and it becomes clear why the four major clearing banks—Northern Bank and Ulster Bank, respectively the Irish subsidiaries of Midland and NatWest, the Bank of Ireland and Allied Irish Bank—spend much of their efforts on the personal banking sector.

Some features of the personal market in Northern Ireland underline why it attracts the most attention. Although average disposable income in the province is around 15 per cent less than in Britain, family savings ratios are, on average, higher.

A significantly lower proportion of people in Northern Ireland have bank current accounts compared with the rest of the UK, giving the banks a target to aim for, while proportionately more people place their savings with banks rather than building societies, giving the building societies something to aim for.

On average, the rate of personal borrowings is lower, suggesting room for growth for both types of institution. And the demography of the province, where a high proportion of the population is under 30, gives the banks and building societies long-term growth opportunities.

In recent years, the big British building societies have expanded in the Northern Ireland market much along the lines they have at home with more flexible account services and facilities such as credit and teller machines (ATMs). Under the Building Societies Act, from next January they will be able to offer secured and unsecured personal lending, insurance and estate agency-linked products and, ultimately, enhanced money transfer services.

The TSB, with 56 branches and more than 800,000 accounts, has always been strong in Northern Ireland. It ranks third behind Northern and the Ulster Bank in the number of cheque accounts and in recent years has expanded into the corporate side to challenge the banks there as well, making the clearest nervous of how the TSB will use the new resources available to it.

The banks are meeting this competition by concentrating on technological advances and by directing greater efforts into marketing and sales. "Customer friendly" refurbishment of branches has included spending of £1m by the Bank of Ireland on its main branch in Londonderry.

international transfers, trust management and credit cards. "In the personal sector we are running very hard to stand still because of increased competition," said Mr Billy Price, an assistant general manager at Northern Bank, the province's biggest. "If banking is going to survive as we would like, we must be able to sell all financial services."

One obstacle which needs to be overcome, from the banks' point of view, is restrictions on their operations caused by work practice agreements with the Irish Bank Officials Association (IBOA), the bank employees' trade union which operates in both Northern Ireland and the Republic. Negotiations with the IBOA are still in train to get extended opening hours—at lunchtime and weekends—and agreement on selling insurance and other products currently not handled by the IBOA.

These restrictions do not face the building societies or even the TSB, which operates different agreements with the association. This concentration on the personal sector has been underpinned by the trend which has seen consumer spending surge in the past few years with a consequent boom for retailers, an increase in demand for personal finance and, for example, high levels of new car registrations. But the banks have not ignored the corporate sector.

The main feature here since the recession gripped the province at the turn of the decade, sending manufacturing employment tumbling by a third to less than 100,000, has been a shift away from facilities from major outside companies with local plants, many of which have closed, towards smaller local businesses, many of them new enterprises, where the best hope of economic growth lies.

All four clearers—and the TSB—now have small business departments offering specialist services for companies just starting life and other small firms. They have strong links with the Northern Ireland Industrial Development Board and LEDU, the Local Enterprise Development Unit, and other development agencies. Typically, they have extensive advisory literature and schemes such as the Bank of Ireland's small business competition.

All the banks report that demand is slack from the corporate sector. "We have plenty of money to lend," is a typical comment. There are occasional criticisms to be heard from the business community that the banks are not responsive enough but that has to be balanced against the need for the banks to beware of unsound business propositions. "It is hard to find good companies in Northern Ireland who could not get on because of lack of finance," said one IDB official.

The four banks also have merchant banking arms. The difficulties of industry are likewise reflected in their experiences. Some outside merchant banks have reduced their activities in Northern Ireland. One problem, according to the Ulster Investment Bank, is a tendency of some companies to go direct to London which means a bank like itself relies heavily on its links with its parent to sell its services.

Hugh Carnegy

BRITISH COAL. JUST THE JOB FOR NORTHERN IRELAND

Coal, a major factor in Du Pont's £45m investment in Ulster

When Du Pont announced their plan to build a further plant at Maydown in Northern Ireland, they increased the number of jobs. This is another feather in the cap of Du Pont and British Coal.

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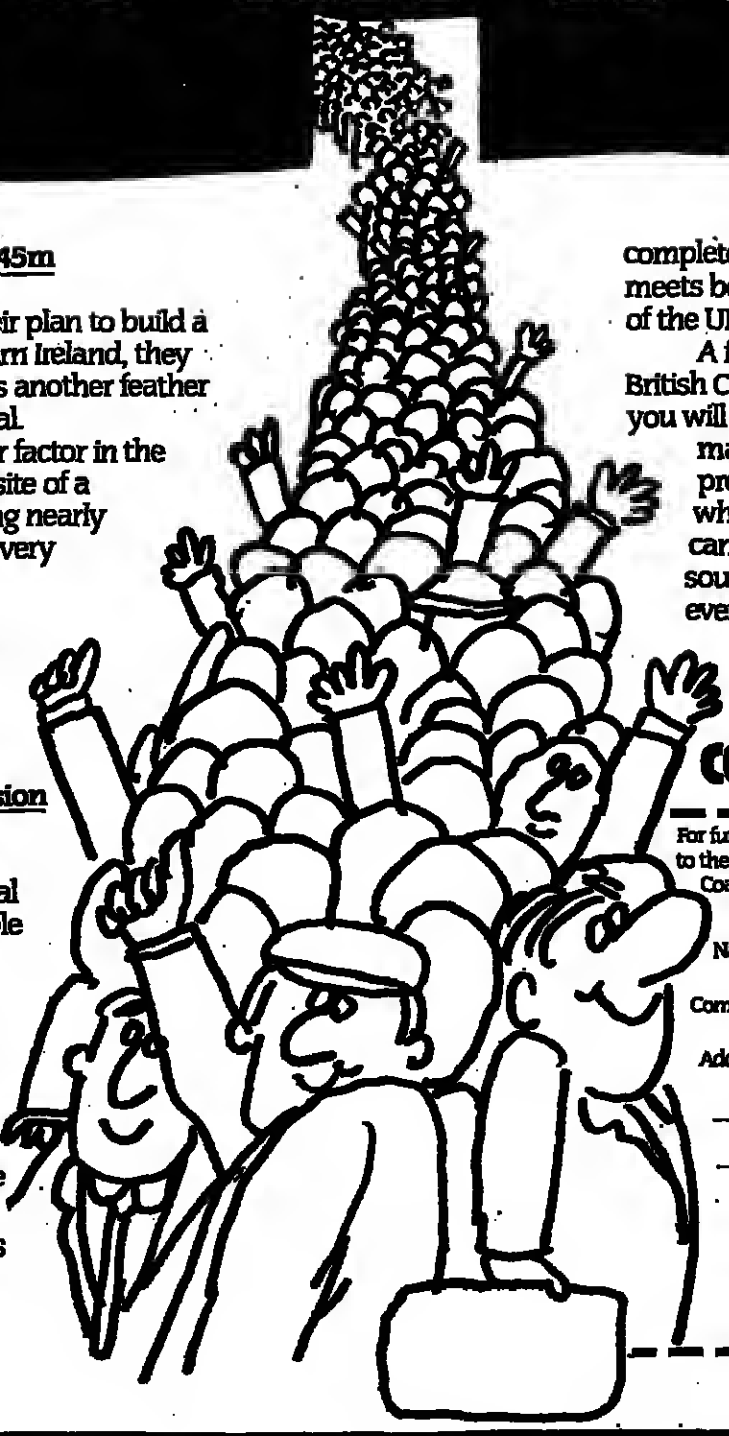
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Inward Investment

IDB shakeup redefines new target areas

"I DON'T envy them their job. It is like trying to sell tights to mermaids." This was one Irish businessman's description of the inward investment role of the Industrial Development Board for Northern Ireland (IDB) and it is difficult to disagree.

It is a very unfair world. London or Paris have suffered numerous bomb attacks in the past two decades. Many famous American cities are wrestling with a drugs epidemic. But it is never suggested that these places are totally unsuitable for corporate investment, perhaps because they have other, more powerful images. On the other hand, Northern Ireland is rarely in the news except as a result of violent incidents.

The IDB freely admits that it has a major image barrier to overcome. "A lot of highly professional agencies are in the hunt for internationally-mobile investment projects and we start with our legs tied together," as one put it.

The main thrust of the IDB's promotional effort is to demonstrate to potential inward investors that companies in Northern Ireland operate profitably and very successfully in spite of the province's political problems.

"Judge us on the facts," is the IDB's catch-phrase and it is able to marshal an impressive array of them, showing the province's record of industrial innovation stretching back almost a century as well as its stake in new sectors of the economy.

Although the recession has taken its toll of some once well-known large local employers, such as Courtauld, ICI, and British Enkalon, Northern Ireland still has 127 large manufacturing companies of British and overseas origin employing between them 37,000 people.

A total of 24 are American, among them such famous names

as Du Pont which arrived 20 years ago, since when it has undertaken seven major investment programmes and today, despite the recession, still employs 1,300 workers. There is also a significant presence of European companies from Belgium, France, the Netherlands and West Germany.

But the IDB also has to avoid, in its anxiety to bring new jobs to the province, rushing in to support unfeasible projects. Most industrial investment involves risk and there have been pressures to gamble on projects which could have a significant impact on Northern Ireland's 22 per cent unemployment rate (with up to 50 per cent of men without jobs in some communities).

Nowhere else in the UK offers such generous assistance to a company with an inward investment project. It is not just a matter of a financial incentives regime which can provide up to 50 per cent of the cost of a project compared with the 40 per cent maximum elsewhere in the UK, but the availability of help with every other aspect of setting up a business venture in a new location.

The Belfast arm of Industrial Training Services, a London-based consultancy, has made a speciality of helping incoming foreign companies to get established. It has seconded an executive as a local ally to work alongside the new company and assist with everything from management and staff recruitment and pay, to which newspaper to advertise in.

In short, given the overall support regime, if a project cannot succeed in Northern Ireland, it won't succeed anywhere. But this fact also means that there is also no shortage of vociferous critics when things go wrong — as all those involved in the De Lorean car project and its subsequent spectacular collapse — to name the most infamous example — will ruefully testify.

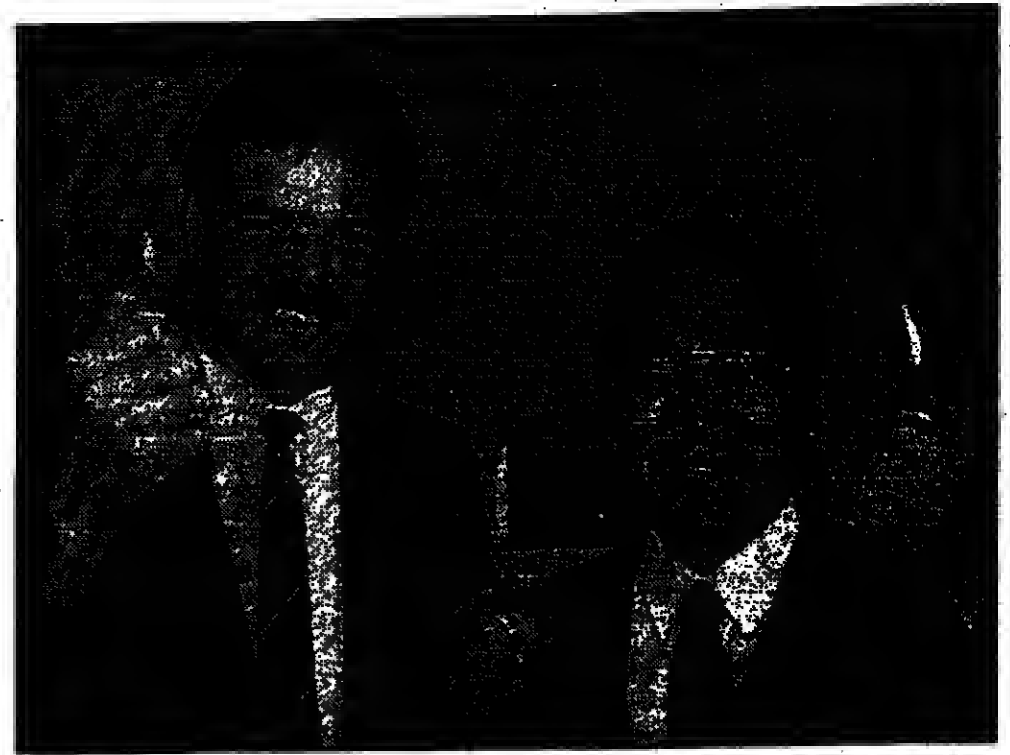
The IDB itself is a recent innovation. It was formed in 1982 to beef up Northern Ireland's whole economic development effort by merging the functions of the N.I. Development Agency, and the Department of Commerce, and the contribution made by the private sector under the umbrella of the Department of Economic Development.

With the level of unemployment rising rapidly under the impact of the recession, the Government felt that the creation of this single agency with straight line access to the British Cabinet via the Secretary of State for Northern Ireland would give Northern Ireland economic promotion effort a sharper cutting edge.

The result is an economic development agency which, though part of the government machinery in Northern Ireland, is run by a board of 12 appointed from the private sector by the Secretary of State. It also makes a point of having a good sprinkling of seconded businessmen moving in and out of its departments, so as to keep its finger on the pulse of current business trends.

Interestingly too, the new board rapidly concluded that, however successful its efforts, inward investment was not going to arrive in sufficient quantities to make a dramatic impression on the province's economy's problem — the volume of internationally mobile investment projects simply did not exist.

As a result, the IDB is now doing some 80 per cent of its £130m a year budget on activities designed to safeguard Northern Ireland's existing industries, including the foreign-owned companies already established in the province, and encouraging them to expand, wherever this is possible or appropriate. It sees this approach as offer-



Lighting up time for the first Japanese company to invest in Northern Ireland. The new \$4m plant by Iwax Inc will manufacture 120,000 disposable lighters per day and employ 120. Above is (left to right), Mr Patrick McCauley, general manager of Iwax (UK) Ltd and Mr Iwabari, president of the parent company Iwax Inc

ing the best hope of halting and hopefully eventually reversing what has been, because of the recession and new technology, a dramatic drop in the province's manufacturing employment, from a peak of 170,000 in 1974 to less than 100,000 today.

The agency's medium term strategy covering the period 1985-90 has introduced a proactive "company development" strategy. Resources are being concentrated upon industrial sectors with the best chances of creating continuing employment opportunities and on trying to build on existing skills and centres of excellence.

The IDB's budget is also being spent on new forms of assistance such as marketing aid and financial backing for companies investing in research and development — rather than just towards assisting investment in new productive capacity.

All that said, the IDB is equally well aware that inward investment, as well as creating new jobs, bring new skills, state of the art technology, and new products and markets

which help to strengthen and diversify the industrial base.

It would therefore be wrong for anyone to gain the impression that Northern Ireland is no longer competing so fiercely for international mobile industry investment. Far from it. Although an arrangement whereby the IDB provided vice consults for the British consulates of many leading North American cities has been wound up, the IDB is retaining offices in New York and San Francisco, and a presence in Boston, Cleveland and Chicago and Los Angeles.

Similarly, while IDB no longer has its own presence in Holland, France and Switzerland, it is still maintaining representation in Belgium and Germany and, in the past year, has opened up its presence in London.

One of the reasons for the shakeup is in order to concentrate resources where the returns are likely to be most rewarding, notably in the Far East. Additional staff have been appointed to the office in Tokyo and a new presence has been

established in Hong Kong. The Pacific Rim economies are clearly an important potential source of inward investment in the future.

There is also something to build hearteningly for all concerned, the IDB recently secured its first Japanese inward investment project. Iwax has established a plant at Ballymoney to make disposable cigarette lighters. Beyond that, the IDB has also signed an agreement with Sumimoto Trust and Banking Company of Japan to promote business co-operation between Northern Ireland and Japan.

Last week it was announced that Canyon Corporation, a Japanese manufacturer of mist sprayers, is to build a \$4m factory in Northern Ireland which will employ 113.

Mr Tetsuya Teda, president, signed an agreement with the Northern Ireland Industrial Development Board which will provide grants towards the building of the factory at Mallusk, near Belfast.

Robin Reeves

Small Businesses

More grants and loans given

THE BUDGET of Northern Ireland's Local Enterprise Development Unit, better known locally as LEDU, has been tripled over the past four years to £22m. It has also just received approval for a 25 per cent increase in its staffing.

This is just one measure of the importance which the Government now attaches to the development of small businesses as a means of tackling one of the main weaknesses of the economy.

So too is the University of Ulster's Northern Ireland Small Business Institute which has been forging new links between the business community and the academic world with the same end in view.

Northern Ireland has disproportionately fewer small businesses than the average for the UK as a whole. Traditionally, it has been an economy of big, and for many decades cosy, enterprises like textiles and shipbuilding. The local market's small size has also not been conducive to the growth

of a vigorous independent small business sector.

"We are trying to alter the structure of the economy from dependence on large employers towards an enterprise culture," says Mr George Mackey, LEDU's director, describing his organisation's task.

LEDU began life in 1971 under the old Stormont Parliament as an organisation akin to Coirra, dedicated to developing job opportunities in the predominantly rural, west and south west of the province. (There were complaints at the time that most of the inward investment was being directed to the east of the province around Belfast and County Antrim.)

But in the early 1980s LEDU's brief was radically expanded. It became responsible for promoting employment in small businesses throughout Northern Ireland, the dividing line being businesses with up to 50 employees. Anything larger is the responsibility of the Industrial Development Board

(IDB), which also looks after inward investment.

Mr Mackey stresses that LEDU is neither a government department nor a quango, but a company limited by guarantee which is accountable to parliament. It has 30 shareholders appointed by the Secretary of State because of their interest in business.

As a result of its expanded brief LEDU is supporting some 1,600 small businesses a year with grant and loan assistance and advice. About 600 of them are one man businesses, aided through an Enterprise Grant Scheme unique to Northern Ireland. It provides help to buy tools and machinery and lease premises.

Even so, LEDU's support is highly selective. "We receive 1,200 inquiries a month, so we are helping less than 10 per cent," Mr Mackey notes.

But the results, in terms of new jobs, are valuable. In 1985-86, it backed businesses which created 3,000 new jobs in 1984-85 4,900, last year 3,900 and this year the number is heading towards 4,200.

The survival rate of the businesses which LEDU agrees to support is 75 per cent and the actual cost, in terms of public expenditure, averages out at £5,500 per job, the average life of each job being about seven years.

Choosing which small businesses to support, Mr Mackey admits, can be tricky. Because Northern Ireland is such a small market, local businesses do sometimes complain that LEDU is simply setting up a competitor with financial assistance which gives the new entrant an unfair advantage.

An example was LEDU's support, despite protests, for a new company entering the local market for corrosion protection. "We acknowledged that it might take some work from existing local companies but it was mainly aimed at repatriating business which was going to England."

"We feel justified in our decision because there are now a greater number employed in corrosion protection and local industry has more choice," Mr Mackey explains.

That said, LEDU approaches new business schemes based upon substituting for imports from Britain cautiously, not least because, as Mr Mackey points out, they involve focusing in on very small markets. Indeed, the case for "import substitution" in a local rural economy, for services presently coming from Belfast, can often be stronger than substituting for mainland imports.

Because of the lack of power and resources in the hands of local government in Northern Ireland, LEDU has also played a key role in creating a network of 35 enterprise companies throughout the province which have been the local equivalent of local enterprise agencies.

The availability of 50 per cent funding from the Government via LEDU to launch these enterprise companies, has mobilised the voluntary energies of some 300 people, many of them businessmen, in the task of assisting new small businesses.

These enterprise companies are due to become self-funding after three years by living off their rental income from workspaces and small factory units and charging for their services. It is a measure of their success that LEDU has so far not received any request for further funding.

What has also been out and about in the community running into Business courses throughout the province, with the help of funding from the State, is the Institute for Enterprise. A heartening number of those who have completed the course — one day's training a week for 12 weeks — have then gone ahead and created their own job.

Dr Vincent Mageean, who joined the institute as its first director when it was founded two years ago, after a long career in industrial management, says that the province needs a cultural transplant as far as its business life is concerned.

"The two critical elements in creation of any new business are the product or service idea and the personal drive and energy come from the culture. Unlike other facets, they can never be bought."

Nishi has been carefully structured to provide an unusual organic link between university, industry and commerce, and the wider community. Though an academic institution, it has a separate financial structure which includes a governing committee which includes businessmen and Department of Economic Development civil servants, as well as academic staff.

In developing the role of the institute, Dr Mageean has concentrated effort in two principal directions. One has been to make up for the relative neglect of small businesses in the field of management education. The other has been to underline the importance of personal networks in the successful launching of small businesses and to assist in their creation.

This is the thinking behind Nishi's Boston project, a US-UK joint venture being initiated by Dr Mageean which will enable aspiring entrepreneurs to spend a year in the US undertaking some management training but mainly gaining "hands on" small business experience in a company in the Boston area.

He accepts that some selected to go to Boston may like it so much that they do not come back. But he is unperturbed. It is a risk we have to take. The injection of a few entrepreneurs enriched by such experience is better than a whole host of grants, Dr Mageean adds.

Robin Reeves

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The basic structure for central services, including customs, has been installed and is geared towards the eventual provision of 24 hour-a-day/7 days per week operation.

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Belfast International Airport is recognised as a "European Airport of the 21st Century" and is a transportation showcase of environmental technology, aesthetics and efficiency. The Airport Company — Northern Ireland Airports Limited — has executed £25 million of capital works in the last six years to ensure that its infrastructure will meet the demands of the future. The Company's already proven successful track record has been put to work in the development of Freezone Northern Ireland and aspires to become Europe's most successful free trade zone.

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NORTHERN IRELAND.

Northern Ireland 5

Industry Overview

Energetic pursuit of new markets

THERE'S NOTHING like a Royal visit to drum up trade for Britain, particularly in the People's Republic of China. As the Queen made her historic tour helping to open wider China's doors to western business, a small group of Northern Ireland's industrialists were close on her tail.

It was a sign of how the province is increasingly showing itself capable of capitalising on world market opportunities and, more than that, how it has realised that timing and targeting rather than a broad-brush approach are vital to sales.

China is a vast and difficult market, so the timing of the first ever mission there run by the Northern Ireland Industrial Development Board (IDB) was crucial. Within days of the Queen visiting Shanghai and Beijing, five Northern Ireland companies followed to cash in on the promotion of Sino-British trade.

The mission members were carefully selected to match some of the requirements of China's current five-year plan. They included Norbrook Laboratories, makers of veterinary pharmaceuticals; James Mackie, the textile machinery producer; and Circuits and Systems Design, a small company wiring world orders for microelectronic equipment which monitors and locates faults in electricity grids.

It was one of a growing number of well-supported missions abroad which are designed to open up new markets. For the IDB, in its effort to promote new manufacturing jobs, persuading companies to adopt a proper marketing strategy and to find new customers is vital.

Each £40,000 worth of business won abroad is roughly equivalent to a job at home, whether it is created or maintained, the IDB says.

The decline in manufacturing employment has been sharp, from around 120,000 in 1981 to just over 98,000 today, and the trend shows no sign of reversing.

Mr Peter Wilson, chief executive of Gallaher Tobacco (UK), insists there is no lack of commitment to Northern Ireland.

"We are not switching any employment out of the province. Indeed, what we are doing is to reduce overheads and improve efficiency and thus protect jobs here for the future."

In addition, he is in positive discussions with the IDB about assistance towards a new research and development facility at Ballymena.

Industry and Market sector

OUTPUT TRENDS

Sector	Percentage change on previous period				
	1985	Q1	Q2	Q3	Q4
Engineering and vehicles	+8	+8	0	+4	-4
Food	+2	+2	0	-3	0
Drink and Tobacco	-1	+3	+1	-13	+10
Textiles	-2	-1	+3	-1	+3
Clothing	+6	-1	+3	-1	+7
Mineral products	-2	0	+1	0	-3
Market Sectors					
Consumer goods	+2	+1	+4	-7	+5
Investment goods	+8	+4	+3	+8	-2

Source: Department of Economic Development, Northern Ireland Index of Production

marketing plans into their business strategy. A year ago the IDB introduced a new grants package which is now beginning to instil this philosophy in its client companies.

The biggest concentration of manufacturing jobs is still to be found in Belfast where shipbuilding and aircraft manufacture are the mainstays of engineering.

For the state-owned Harland and Wolff shipyard, as for all world shipbuilders today, survival is the name of the game. The ever-dominant trend in world merchant shipbuilding markets and the severe damage to the offshore sector caused by the oil price fall have reduced the chances of orders but, in many ways, the company is in a good state.

The outlook in naval shipbuilding is somewhat better. This year Harland and Wolff won the design and build contract for the first of a six-ship series of auxiliary oilers for the Royal Navy, beating off fierce competition from the Tyneside yard, Swan Hunter.

Added to the existing fairly healthy order book this will help maintain a core of work but new orders are needed soon if all 5,000 employees are to be kept fully occupied through 1989.

Mr John Parker, the chairman, is committed to reducing the company's drain on the taxpayer, and reported progress with a drop in losses from £25.8m to £23.9m in the year to March 31 last. He regards this as something of an achievement compared with the ever-mounting losses of British Shipbuilders, the nationalised group.

Short Bros, again a state-owned company, provides one in 10 of all manufacturing jobs in the Belfast area and therefore has a special place in the economy. It is on the list of companies the Government would like to see privatised but losses for last year—about £35m according to some estimates, a level not encouraging for an easy sell-off.

There are several reasons for this poor financial performance after a couple of years of improvement. Productivity fell last year and gearing up for new orders brought an increase in non-productive time through "indigestion" on the production lines.

Above all, the company faces crippling interest payments, a handicap which would have to be removed through a restructuring should privatisation go ahead.

Nevertheless, Shorts has been one of the few companies to take on significant new recruits. Aircraft manufacture, including the civil 330 and 360 commuter planes, has been added to with the introduction of the British-designed Tucano basic trainer for the RAF. In guided weapons, the company makes Seacat ship-to-air weapons, the Blowpipe and Javelin portable anti-aircraft missiles and now the new Starstreak high-velocity air defence weapon selected by the British Army and offered to the US Army.

It manufactures components

for major aircraft builders such as Boeing and Fokker and is a recognised specialist in jet engine "podding".

While the fortunes of these big employers are carefully watched as a guide to manufacturing, other developments in companies not so large are helping to create jobs. F. G. Wilson (Engineering), Britain's main producer of generating sets, is adding 50 jobs at its plant at Newtownabbey.

Glen Dimplex, the UK's largest domestic heating and small domestic appliance maker, is paying £84m for Hamilton Beach, a US kitchen appliance maker, which could increase the labour force at Glen factories in Bangor and Newry, Co Down.

However, it was a company right at the bottom of the employment league which recently showed Ulster's ability to deal with world competition. Academy Lithoplasts, a Belfast firm employing 28 to make colour separations and plates for the printing industry, won the £10,000 top prize in a business contest, sponsored incidentally by Gallaher.

With an already thriving home market, Academy has now established itself in Florida where, by using Concorde as postman, it gives a faster service at lower cost than local US competitors.

Of all industrial sectors construction faces the most critical problems. In July last the industry's representative body, the Federation of Building and Civil Engineering Contractors estimated a loss of 3,000 jobs since October last. October last forecast a further fall of 1,500 by the beginning of 1987.

In a report to the Government the Federation said that in spite of growth in construction in Great Britain, the industry in Northern Ireland was recording levels of output some 30 per cent below 1980 figures. It said that the "crisis" was largely the fault of cuts in public expenditure, particularly a £44bn reduction in the 1986-1987 housing budget.

It now appears that the Northern Ireland, once has taken some heed of the federation's warnings. Earlier this month the Government announced a £10.7m package of new orders for the industry. While this was not an answer to everyone's problems, the federation saw it as a positive response to its pleadings and was encouraged by an undertaking from Mr Tom King, the Northern Ireland Secretary, that the industry's representations would be taken into account when public spending allocations for next year are worked out.

Some companies, especially those who have secured contracts outside Northern Ireland, have fared relatively better. For example, the Rotary Group of Belfast, specialists in environmental engineering, have built up a strong overseas portfolio. In conjunction with companies such as Farmac and Baxter Fell it has won contracts worth £20m to provide services in Algerian military establishments and hospitals.

Alan Watson

ASK ANY economist, industrial development official or businessman in Northern Ireland to name the brightest sectors of the economy and invariably the answer will include the textiles and clothing industry.

As the province's long-established linen industry and the more recently-established man-made fibres sector suffered grievously in the recession at the end of the 1970s this might seem surprising. But the fact is there has been a heartening revival in textile and clothing manufacturing in the past few years.

The sector now accounts for about one quarter of manufacturing employment with some 8,500 jobs involved in linen-making and related work and 13,000 in clothing. Figures for new jobs promoted in 1985/86 by the Industrial Development Board give an indication of the trend.

In a year when every other major sector experienced a severe downturn in the number of new jobs, 205 were created in clothing manufacturing compared with 623 the year before. The figure for textiles of nearly 400 new jobs was down by more than 250, but that drop was far less in percentage terms than, for example, engineering or food processing.

This is not to say that there are not problems. The IDB says the post-recession shake-out is not over yet. In October, the pending closure was announced of Dunbar McMaster, a Hanson Trust company, which employs 120 people spinning linen yarn in the small town of Gulliford, County Down. Recently there has also been something of a slowdown in weaving, with a number of idle looms reported.

Overall, though, the mood is quite upbeat. In an effort to inject further impetus, the IDB set up a Linen Task Force to review the industry and to formulate an action plan for it. The task force reported in early 1985 and is due to produce an update soon which will review progress made in the various sub-sectors.

The main thrust of the IDB's approach is to get companies onto the right techno-



Traditional weaving at the John England textile factory in South Belfast

Clothing/Textiles

Automation lifts hopes of revival

logical footing by investing in new equipment and then to get them to concentrate on getting closer to what their customers are looking for. In this way, markets can be clawed back from Far Eastern and other competitors by offering reliable high quality goods on a quick turnaround.

"It is marketing and design that we really feel is the key to open the door," says Mr Bruce Robinson, who heads the

IDB's clothing and textile division.

This is reflected in what has been happening in the various sub-sectors recently.

Since the early days of the decade, when three companies closed, there has been investment of £20m in wet spinning, which produces fine linen fabrics aimed mainly for export to fashion houses in Italy, Japan and elsewhere. The eight companies in the sector are

mostly local outfits, but they include two new foreign entrants, one Hong Kong-owned, the other, Down Line Yarns Limited, a £4m investment by a group of Pakistani interests.

A crucial factor for spinners has been the increase in the use of linen as a fashion fabric which has percolated down from the narrow—though valuable—markets of the top designers into bigger volume

mostly local outfits. About 70 per cent of Northern Ireland spinning is now wet-spun, compared with 80 per cent dry-spun, a reversal of traditional trends.

But dry spinners have also made advances, with significant investment in equipment and design facilities by the province's six companies.

Weaving is another area where new equipment and a rethink of marketing and design have paid dividends. At least four companies have invested in new looms (unlike spinning equipment which is available from local engineers, Mackies, looms are all imported from outside the UK), including Ulster Weavers, Spence Bryson and Ewart Liddell.

At Ulster Weavers headquarters in Belfast's Sandy Row, where the Larmor family have been involved in linen weaving since early last century, considerable changes have been pushed through in the last five years. Some 30 new West German Dornier looms have been installed, with more on order. Top management has been shaken up and more flexible work rotas introduced.

Crucially, also, the product range, traditionally based on tea-towels and industrial fabrics, has been updated and greatly expanded to include such items as PVC-backed aprons, high-fashion apparel fabrics and the revival of damask tablecloths. The focus is on working closely with customers such as big chain stores and being able to respond quickly and competitively to relatively low-volume orders.

This is the case also in the province's clothing sector which boasts names such as shirt-maker Coates Viyella, which has 10 plants in Northern Ireland, Courtauld Lingerie, with nine, and Tootal. A great local success story has been Desmond and Sons, based outside Londonderry and operating in the job-starved west of the province.

The company has used computer controlled cloth grading and cutting equipment and other automated systems to become a leading supplier of garments to Marks and Spencers.

Hugh Carnegie

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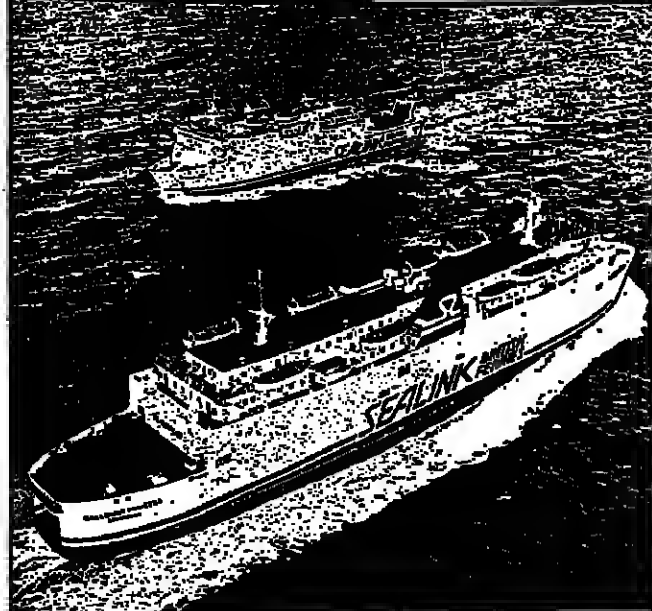
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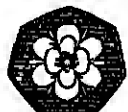


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Northern Ireland 6

Fair Employment

Tough new line on religious discrimination

TEN YEARS after it made religious discrimination in employment illegal in Northern Ireland, the Government has recognised that progress towards equal opportunity for Protestants and Roman Catholics has been too slow. Now it is to get tough with employers.

Religious discrimination in Ulster's divided society is deep-seated and persistent and the Government accepts that changing attitudes as well as tighter legislation will be needed to remove the problem.

The minority Catholic community's disadvantage in employment remains largely as it was in the early 1970s, when legislation was first introduced, even in areas of relatively high employment and in spite of the gradual convergence of educational attainment between the two communities.

The overall rate of unemployment among Catholics is double that of Protestants. Such facts are ammunition for Northern Ireland's detractors and a handicap in the search for new industry.

Mr Tom King, the Northern Ireland Secretary, has launched a discussion paper proposing a new strategy and legislation should follow next year. The Government will have to decide whether the law should continue to be policed by the Fair Employment Agency, set up in 1976, or by a larger body resulting from a merger with the Equal Opportunities Commission which deals with sex discrimination.

At present employers are encouraged to sign the agency's

declaration of "principle and intent" to demonstrate they are committed to achieving fair employment. In 1981 the Government made the acceptance of a public sector tender conditional on a company holding a certificate from the FEA.

It now proposes to change the declaration to one of "practice" and to tighten sanctions against companies which do not comply. Firms seeking Government assistance would be faced with the ultimate sanction of having their grants denied.

The underlying ethos is that the struggle to attain employment equality cannot be

furthered by transferring disadvantage from one group to another or by introducing a quota system. Reverse discrimination is out.

Mr King maintains: "The fact that we are determined to practice employment equality effectively and comprehensively and are seen to be taking steps to do so . . . is of profound economic significance both within the province and in the wider international field."

Northern Ireland has already seen how its employment record might be used against it. US-based supporters of Irish Republican terrorists lobbied

vociferously against a US military contract going to Short Brothers, the Belfast aerospace company, where a religious imbalance has been identified and is being tackled through an agreed programme of action.

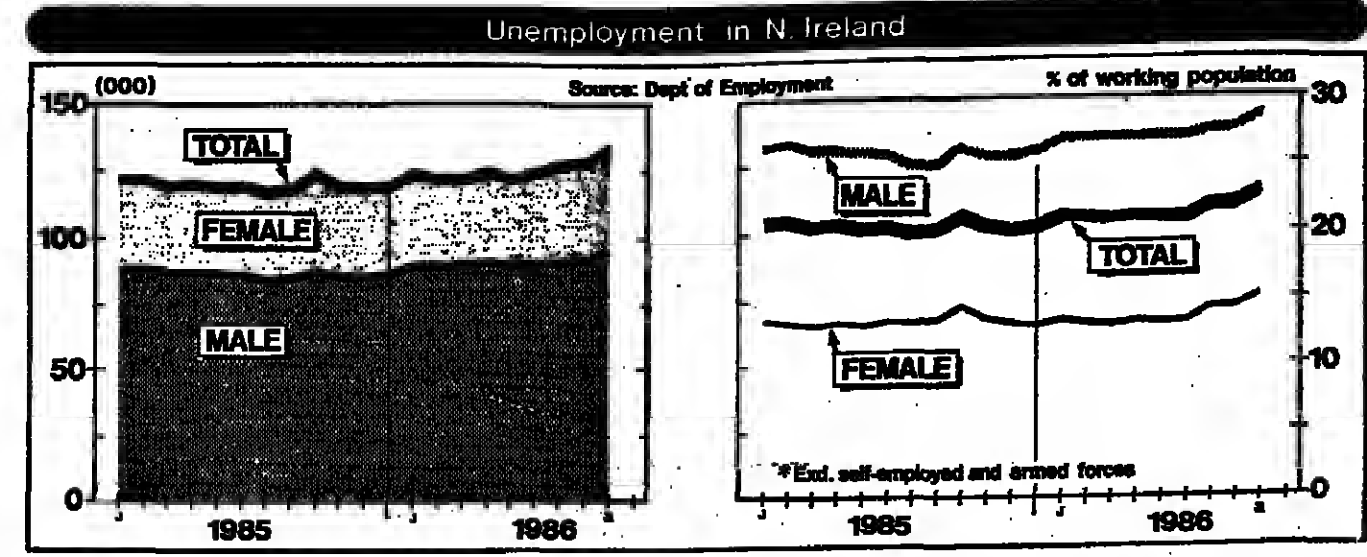
While Short Brothers were able to weather the storm by demonstrating their corrective policies, the same Republican groups are pressuring US companies which have subsidies in Northern Ireland by urging disinvestment in those whom they accuse of perpetuating inequality.

To counter such propaganda effectively, Northern Ireland

needs to show that it is serious about fair employment. The Government feels that too many companies have shrugged off the problem.

The proposed changes aim to involve companies and public bodies much more deeply in the monitoring of their own fair employment practices. Government finance will be available to help them obtain the professional advice they need and to employ additional staff where necessary. This is the carrot being held out. The stick is that companies could begin to see their businesses suffering.

Alan Watson



Retail Property

Rental rises reflect Belfast's prosperity

BELFAST'S Great Victoria Street is dubbed these days "the Golden Mile." After dark, it is alive with people of all ages, enjoying a night out at the city's newly refurbished Opera House, or sampling its unique range of pubs, or visiting one of the many chic restaurants which have opened up in the last two or three years.

The description may be exaggerated. But it illustrates the largely unheralded transformation which has taken place in the life of Belfast city centre since the 1970s when fears about security meant that the streets were largely deserted after dark.

During the day too, shopping in the city became almost more trouble than it was worth because of the array of security checks and barriers, not to mention the difficulties of parking a car. The result was an acceleration in the growth of out-of-town shopping centres around the periphery of Belfast anchored on local supermarket chains like Cray's Prices and Stewarts, a subsidiary of the Fine Fare group. Belfast city centre began to look as though it might lose out altogether.

But all that has now changed. As far as restaurants go, the official statistics record that 138 new eating places opened in the Greater Belfast area during the period 1983-84. And the word is they are continuing to open at the rate of 50 a year.

But the impact can be more scientifically gauged by the movement of rents in Belfast's retail property market. According to Mr Keith Shiels, the retail specialist at surveyors and development consultants, Milne & Co. over the past three years, retail zone A rents (for the first 15ft of shop front) have doubled from £40 to £80 a sq ft, vividly illustrating how Belfast is now back on the map as a major regional shopping centre, comparable with the successful city centre shopping areas of many big British cities.

The restoration of confidence has encouraged a number of major retailers to extend their

premises, among them Marks and Spencer, which has added 60,000 sq ft to its Belfast store. British Home Stores has made a similar-sized addition to its selling area. C & A, meanwhile, has undertaken a major refurbishment.

It has also attracted a number of other well-known names in the retail business either back into the city centre or to Belfast for the first time, among them branches of the Burton Group's Principles, Next, Chelsea, and Olympus Sport. Laura Ashley's first shop in Northern Ireland is also on its way.

The demand and interest has, in turn, triggered a number of key redevelopments, notably the former Robinson and Cleaver department store site opposite the City Hall, which has just been purchased by the Northern Ireland Local Government Officers Superannuation Fund, and just opened the Hipark "shops" Centre, developed at a cost of some £4m by another local pension fund, the Northern Ireland Transport Holding Company.

These redevelopments, however, are completely dwarfed by a proposal from John Laing Developments to build 350,000 sq ft of new space on Royal Avenue at a cost of £40m. This is a big scheme for any city, involving changes to the layout of roads and other infrastructure provisions and major new parking facilities which the Department for the Environment has agreed to provide, providing Laing gets financial backing for the development.

John Laing says that it is "at an advanced stage of setting terms with the financiers." It also says that it has arranged a number of pre-lets, but otherwise is remaining tight-lipped about details of the development.

The fightback by Belfast as a major city centre retailer area is partly a tribute to the traders themselves who banded together in an association, to secure action from the city council and the DoE for example, to improve car parking, and also to promote them-

selves. Their introduction of late night shopping every Thursday gave a major boost to the recovery.

Against this background there is understandable nervousness over reports that Marks and Spencer and one of two other heavyweights in the UK retail business are contemplating joining forces in a major new 200,000 sq ft out-of-town shopping complex at Lisburn.

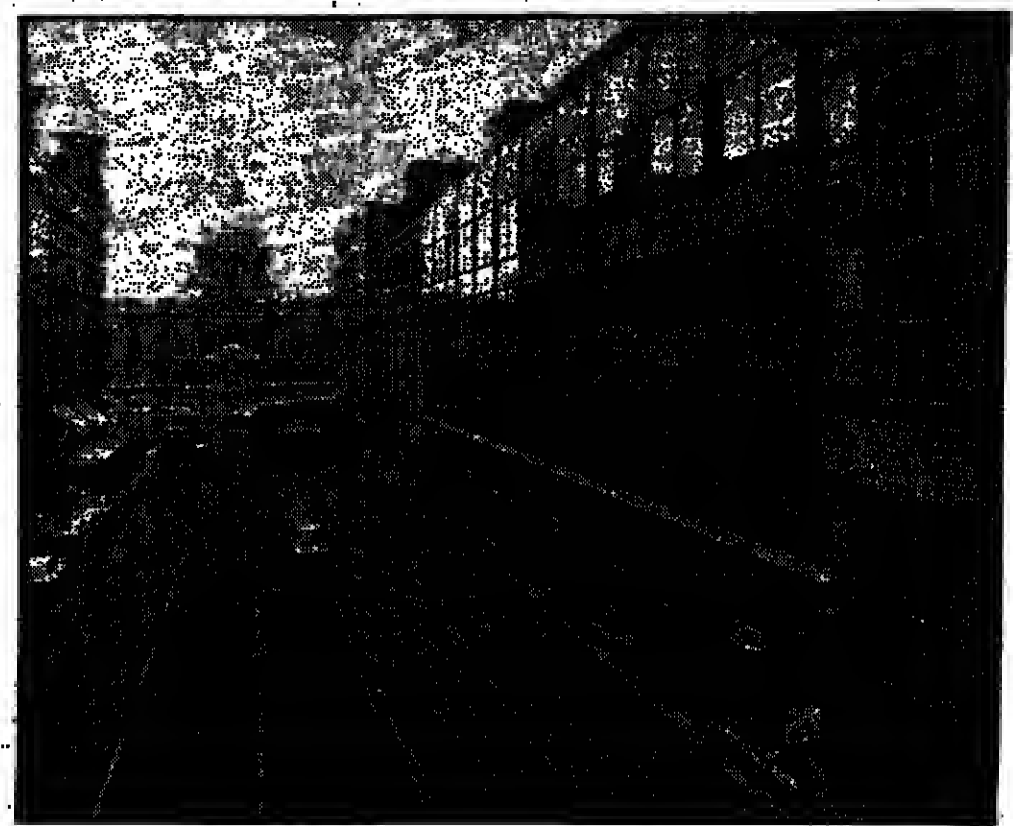
The reports have been neither confirmed or denied and the local DoE planning office has so far not received any planning application. But the Lisburn Hockey Club has apparently been approached about the possible purchase of its playing fields which lie adjacent to the motorway, just 10 miles from Belfast city centre. The Belfast traders have been sufficiently alarmed to protest about the possible adverse impact upon their businesses.

Such a development is not contemplated in the Lisburn area plan which makes its initial rejection by the planners more or less automatic. On the other hand, consent could be secured if the developers are able to persuade an appeals tribunal that the development will not be detrimental to Belfast and will create new employment opportunity for a jobs-hungry economy.

Lisburn is, in any case, the largest urban community in Northern Ireland after Belfast, and more prosperous than most.

One thing is certain. In contrast to a few years ago, such a development should have no difficulty getting funding. Further confirmation that Northern Ireland now enjoys the same retail market confidence as other parts of the British Isles has been provided by Land Securities' recent purchase from a local family trust of the 250,000 sq ft Ards Shopping Centre at Newtownards for £10.35m.

By comparison with developments in the retail sector, the Belfast office market is unexciting. It is characterised by reasonable demand for suites



One of Belfast's main shopping streets looking towards City Hall

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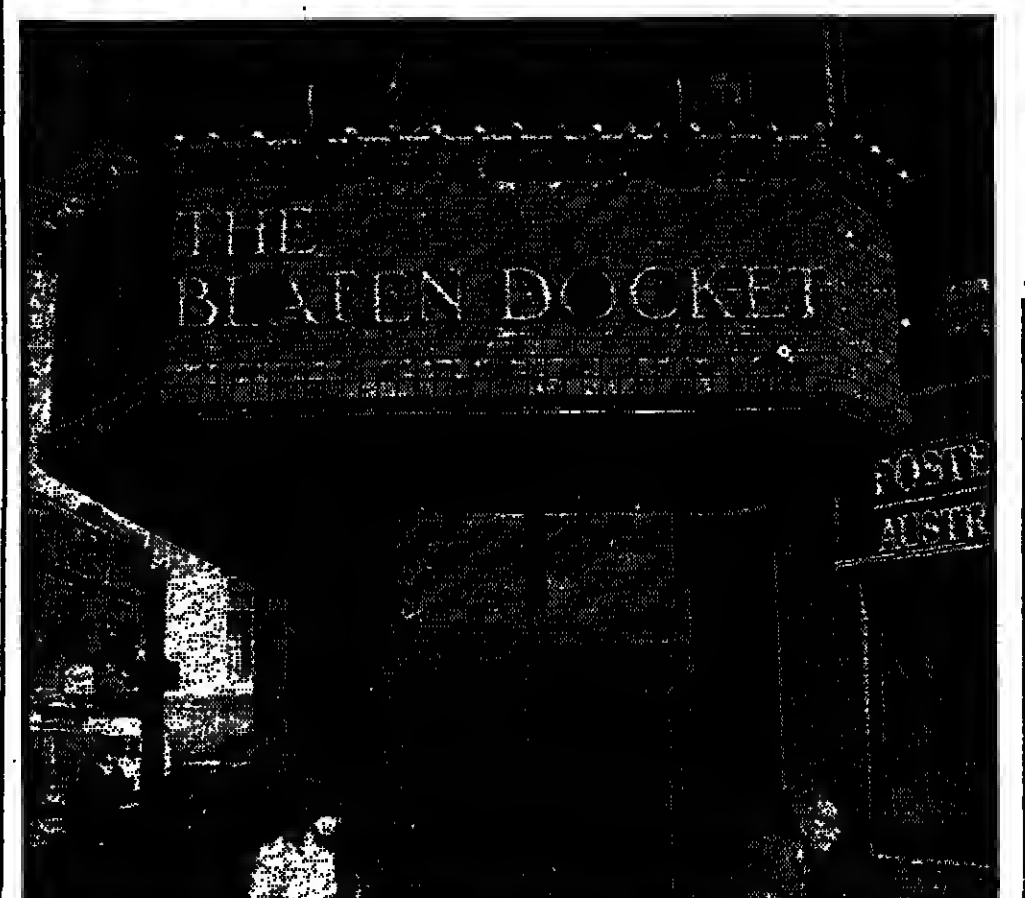
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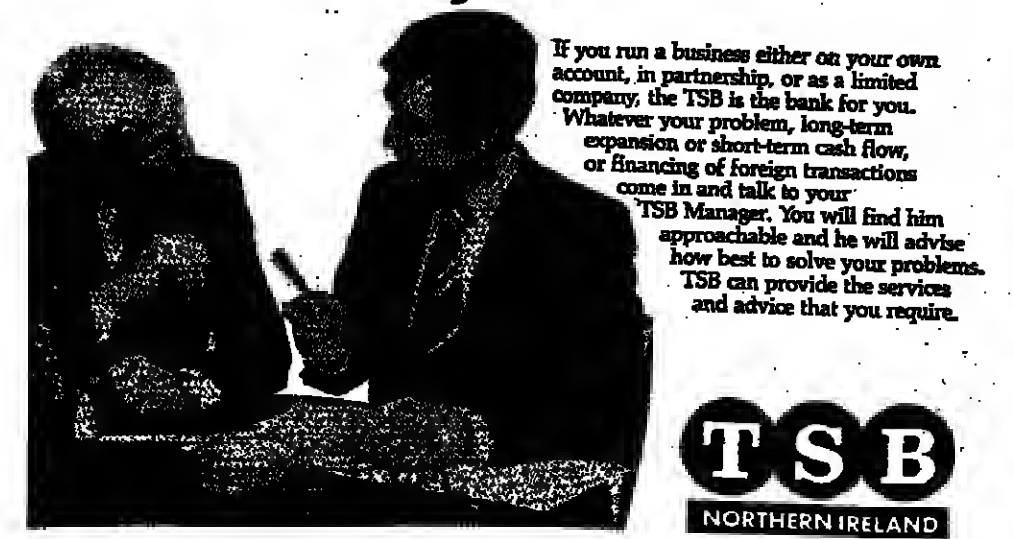
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Great Victoria Street in central Belfast is enjoying a renaissance, with a number of new pubs and restaurants opening along what has been termed the city's Golden Mile

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Northern Ireland 7

Agriculture

Poor summers depress farming income

THE DRIEST month of September in half a century pulled some Ulster farmers back from the edge of financial disaster—giving them time to salvage winter and spring cereal crops—but for others the climatic respite came too late.

Just what the cost, in real terms, of two successively bad summers will be is anyone's guess. But already many on the land feel they have been stabbed once again in the back by nature and are not looking forward with much enthusiasm to the winter ahead.

It is no secret that Ulster farmers have suffered badly after two of the worst summers in living memory. It has taken some pertinent figures from the Government to put matters really into perspective.

The Department of Agriculture's recent statistical review—one of the best barometers for appraising the scene on the land in Northern Ireland—spells clearly how farming income, sitting at a high level two years ago, has slumped by 48 per cent in the past 12 months and is now the lowest in real terms for six years.

The value of grass output over the past year is also estimated to have fallen by 4 per cent to under £741m with production and average returns both lower than two years ago.

The volume of output, measured in constant (1980) prices dropped by 3 per cent because of a reduced output of cereals, lower stocks of crops and livestock on farm holdings at the end of the year and further falls in the production of eggs and milk.

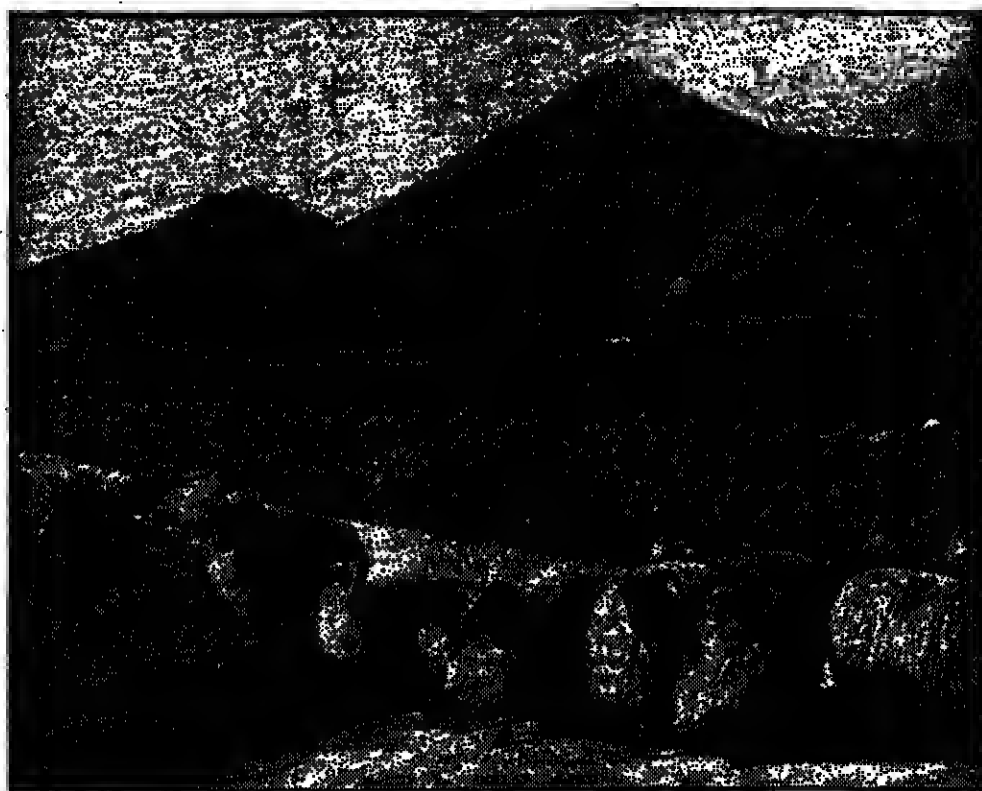
There were increases in the outputs of fat cattle, sheep and lambs, potatoes and mushrooms. But increased produce prices for milk and barley were more than offset by lower returns for fat cattle, pig breeders, eggs and potatoes, leading to a fall in the overall average producer return of slightly over 1 per cent.

Expenditure on inputs of materials and services increased by 2.5 per cent to almost £472m. Although average input costs fell by around 1 per cent, the volume of goods and services used by farmers during the calendar year rose by 3.5 per cent.

This, it is felt, mainly reflects increased purchases of feeding stuffs in the second half of last year as a consequence of fodder and grass shortages because of the poor weather of the previous year.

Excluding farm-to-farm sales, the quantity of compounds, straight and mixed, fedstuffs bought in by Ulster farmers is estimated to have risen by 6 per cent despite a fall in the period January to March.

As the average price was 5



Sheep-farming on the mountains of Mourne, County Down

per cent down on a year earlier, feed costs rose by less than 5 per cent compared with 1984. Surprisingly, in view of weather conditions, the upward trend in purchases of fertilisers continued last year with a small increase in the tonnage of nutrient sold to farmers.

The average cost was said to have risen by 9 per cent and the total value of the industry's fertiliser bill by 11 per cent; the gross cost of fertilisers and lime together increased in the province by 7 per cent with purchases of lime down by 53 per cent.

The average price of store cattle imported from the Irish Republic fell slightly and with numbers lower than in the previous year the total cost to the industry dropped by around 10 per cent.

Of the other important elements of farmers' operating expenses: machinery repair and maintenance costs are believed to have increased by 14 per cent, while expenditure on farm maintenance and miscellaneous items probably rose by 5 per cent.

With a reduced value of gross output and higher expenditure on inputs the gross product of the industry is estimated to have fallen by just over £44m or 14 per cent.

Depreciation of capital assets, was up by £6.6m, so the value

of the net produce is estimated to have decreased by almost £18m—23 per cent—to £68.5m. Net product calculated in constant 1980 prices fell by 20 per cent.

The average level of bank borrowing increased by over 8 per cent and interest rates by more than 2 percentage points. The labour costs to the industry—including those imputed for family workers—are estimated to have gone up by over £4.5m or 7 per cent. This resulted from the combined effects of a small rise in the total number of persons working on farms, an increase of 3.3 per cent in minimum wages, a higher level of payments in excess of the statutory minimum rate, and a rise in the total amount of overtime worked.

Weather conditions, especially at harvest time, are believed to have been at least partly responsible for overtime costs.

After allowing for interest and wage payments, the estimated farming income is £97.4m, a fall of £61.4m compared with the previous year. When deflated by the retail prices index this represents a decrease in "real" terms of 31 per cent.

An examination of the "cash-flow" position of the industry—it is still the largest in Northern Ireland—reveals that when non-cash elements are removed from the accounts and investment

expenditure the fall in pre-tax funds available to farmers and their families last year was not as great as the reduction in farming income.

The volume of capital investment in total is provisionally estimated to have dropped by 14 per cent. Buildings and works capital formation went down by 22 per cent, mainly reflecting reduced expenditure under the Agricultural Development Programme for the Less Favoured Areas of the province.

There is believed to have been a rise of some 15 per cent in plant, machinery and vehicle investment, possibly in response to the high level of farming income a year earlier. Beef output rose by 2 per cent and as the average dressed carcass weight was the same as in the previous year this reflected an increase in the number of cattle marketed.

The average price per kilogram deadweight for clean cattle fell by 3 per cent and though that for cows and bulls increased the value of output of all fat cattle dropped by 1 per cent.

A high level of marketings of steers and heifers for a second successive year gave some evidence of fodder shortages. A 3.5 per cent drop in pigmeat prices meant that the value of output at less than £73m was down 4 per cent.

With milk quotas in operation for a full year the total output from that sector fell by 2 per cent but because of an increase of 3 per cent in the average producer return the value of output rose by 1 per cent.

The upward trend in the production of sheepmeat continued with a 6 per cent increase and while there was no increase in EEC common prices during the marketing year the average producer return for all sheepmeat rose by 10 per cent.

In the poultry sector things were not so good. The value of output in eggs fell by 17 per cent to below £20m and there was a decline also in the value of poultrymeat for the first time in many years from £42.3m to £41.7m. While the volume of production rose slightly the average price was 2 per cent lower.

Potato producers planted 10 per cent less crop and yields of 20.2 tonnes per hectare were 23 per cent below the record level achieved a year earlier. There are also indications, too, that the 1986 crop, as well as next year's, will have dropped by another 10 per cent.

The average return for ware potatoes dropped by 44 per cent and that for seed by 23 per cent and the value of output was down substantially to below £14m.

On the cereals side, the production of barley dropped by 27 per cent and that of wheat was cut in half.

Despite a small rise in the average price the value of the total harvest at just over £2m was down by 40 per cent. Total returns from horticulture rose by 21 per cent with an increase of almost 45 per cent in the value of the mushroom crop. There were also increases in respect of fruit and flowers but the value of output from vegetables fell.

Ulster farmers may be down in many sectors but they have not all been counted out. Many are searching for alternatives and the latest proposals for the growing of onions and daifodil bulbs could be more than pipe-dreams. In May farmers in Northern Ireland owed the banks £258m, an increase on a figure of £236m for the same month a year earlier.

In February of this year, however, the figure stood at £262m and it appears that some farmers have de-stocked their farms to facilitate cash-flow problems. Others could have sold valuable acres of land to overcome similar problems. Some have sold out completely and moved on to Scotland where they can buy over two acres for less than the price they sold in Northern Ireland.

Michael Drake

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Tourism

A region of mountains, lakes and caves

GIVEN THE problems of image and weather, it is understandable that Northern Ireland's tourist business sometimes takes a knock. It did so last year, but the industry's confidence remains undented.

In the past 20 years tourist traffic has fluctuated sharply. It peaked at 1.1m visitors in 1967, fell to less than half that in 1972 and in the early 1980s saw substantial growth to more than 800,000 in 1984.

This year saw a slowing down in the renewed growth in the numbers who arrived to enjoy what is undoubtedly one of the most attractive regions in the British Isles.

Sir John Swinson, chairman of the Northern Ireland Tourist Board, reporting just recently on 1985, said the perception of civil unrest was still keeping the number of visitors down.

But the tourist industry in Ulster, which maintains more than 8,000 jobs, is just as subject to the influences which affect the industry elsewhere in Britain.

The number of staying

visitors fell last year by 5 per cent, almost entirely due to a 20 per cent drop in business from the Irish Republic. Coming after three years of phenomenal increases in traffic from the south, this fall was attributed by the board to an atrocious summer, currency fluctuations and general economic conditions. Traffic from Europe also suffered for the same reasons.

The revenue earned from tourists rose by 1 per cent to £78.5m and the industry's receipts from some holidaymakers went up by a valuable 19 per cent, the result of a strong promotion by the board of short breaks "at home."

Sir John was encouraged by a 3 per cent rise in visitors from Great Britain. It's a market which, being so close to Ulster, was always felt to be the last to respond to the "re-assurance" campaigns. The board's London staff has been strengthened to ensure the growth continues.

The year's highlight was a 46 per cent rise in visitors from North America, a welcome

reversal of the previous year's trend. The board said it resulted from the strength of the dollar and an increase in US travel to Europe. The introduction of a reliable air-charter carrier on the Belfast to New York route played a large part in exploiting the market.

The past year has seen the issue from the Northern Ireland Office of new tourism policy guidelines, putting the industry in the context of overall economic development. "The objective is to raise the number of visitors to one million by 1989, create 300 new permanent jobs and provide another 300 in the construction industry."

The Department of Economic Development underlined the commitment with a new grant scheme to improve accommodation, a move which elicited a rush of applications. The level of activity stirred by aid schemes in general is an indicator of the industry's confidence.

Some 21 of the province's 26 district councils are seeking EEC regional development fund money for projects costing £35m to enhance tourist facilities, while current applications to the Government envisage 15 hotel improvements, 26 hotel extensions and two completely new hotels. Guest houses and boarding houses, long popular for low-cost holidays, are similarly active in updating accommodation.

The hotel industry reports a bedroom occupancy rate last year of 46 per cent compared to 44 per cent in 1984 and only 34 per cent in 1982. The tourist board says it welcomes the obvious and wide interest among hoteliers in expansion and improvement plans.

Tourism's prime position in the economy of the UK and of that of Ulster in particular was strongly underlined last year. The publication of Lord Young's report "Pleasure, leisure and jobs—the business of tourism" left no doubt as to how vital the industry is to economic revival.

The tourist board, trying to shape the most effective policies for the future, published its own detailed account of operation proposals, the first time it had taken such a step.

This gives the industry a clear picture of where the board is going in terms of marketing, public relations, development of common goals. But he is the first to recognise that plans and policy statements do not in themselves produce paying customers.

"Governments and tourist boards can pin-point trends and pave the way for sales. However, every member of the industry must not forget that, in the end, solid and sustained success and profit come from self-help," he said.

Northern Ireland is still exploiting its vast natural resources for tourism. One new project in particular, the opening of the Marble Arch Caves

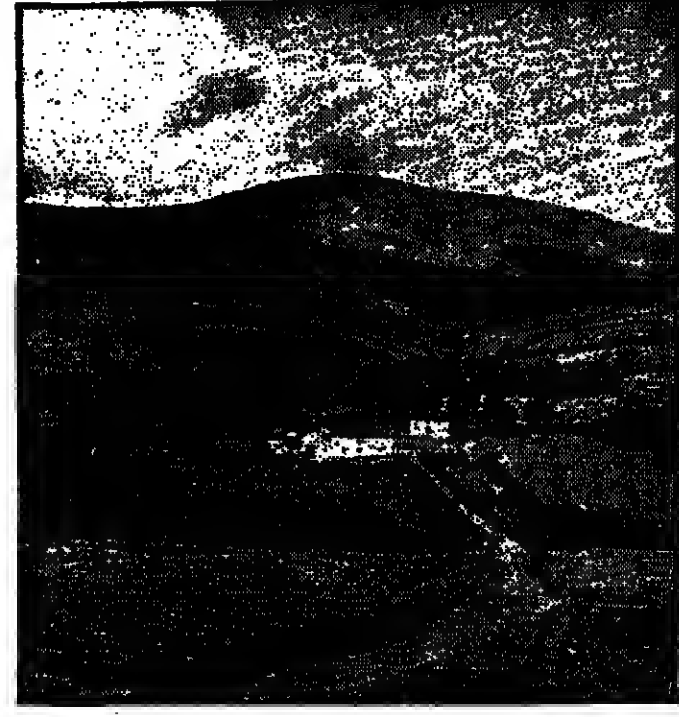
in the Fermanagh lakeland, has caught the public imagination and thousands of people have turned up to go underground.

Garwickfay on the shores of Belfast Lough, a town which has lost thousands of jobs through the closure of tobacco and textile plants, has found new life in the opening of a yacht marina. One look at the waterfront shows just how much prosperity is around.

Belfast as a city has experienced a revitalisation over the past five years, with a strong retail boom and a revival of eating-out and theatre-going. Areas around the city have shared in the renewed activity.

The tourist board has commissioned a study, expected towards the end of the year, into the tourism potential generated by this development and how it can be integrated into planned developments in other sectors in the greater Belfast area.

Alan Watson



Northern Ireland Tourist Board
The Sperrin Mountains, County Tyrone.



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Northern Ireland 8

Energy

Hopes of new crock of gold in lignite find

LAST YEAR'S discovery of gold in Northern Ireland's Sperrin Mountains triggered off gold fever which was quickly to give way to sober caution about the quantities involved.

But travellers arriving in Belfast by air are only seconds away from a much bigger "crock of gold" as their aircraft circles to land at the city's international airport over the green shores of Lough Neagh Europe's biggest lake.

Beneath its patchwork of fields and under its waters lie hundreds of tonnes of lignite—or brown coal—which, once they are efficiently used, may transform Northern Ireland from a poor economic backwater of the UK into a province with an enviable cheap and abundant source of energy.

In recent years, Whitehall has subsidised Northern Ireland electricity consumers by £100m a year, and even then they have had the UK's highest electricity prices.

Excitement at this vast new fuel stock goes hand in hand with an atmosphere of steady change in an energy scene, so long dominated by Northern Ireland's lack of indigenous fuels and total reliance on costly and sometimes insecure imports.

Other major changes afoot include the expansion of conventional coal-fired generating capacity to reduce Northern Ireland power stations' 90 per cent reliance on oil. The first step is the adaption to joint coal and oil firing of Kilroot power station on Belfast Lough, whose completion was cancelled because of the oil price explosion of the 1970s.

Northern Ireland's gas distribution system, still based on the old town gas undertakings which used to turn coal into gas and coke and which now rely on costly naphtha as their feedstock is also in transition. It is being steadily run down with the help of £100m from the Government.

Several companies have already closed, more will follow this year. The last to go, in

1989, will be the Belfast company leaving Portadown as the only town with a central gas supply. As the gas runs out, the customers, many of whom used it only for cooking, are being avidly persuaded to switch instead to electricity, to bottled gas and even to solid fuel.

Sometimes the excitement in the energy field gets out of hand, as in this month's decision by workers at Ballymurnford, the Province's biggest oil-fired power station, to pull out the plugs in a dispute over manning levels. According to management, the root cause of their action was anxiety about a drop in their manning levels when new coal-fired capacity comes on stream in two years time.

But at present, it is the lignite which commands most attention, not least because it could become a Trojan Horse for the introduction of private finance into the supply and distribution of electricity, and a possible show case for what could one day happen elsewhere in the UK.

The Government has invited bids to construct and operate a 450 MegaWatt lignite-fired power station, which would provide cheap, around the clock electricity and meet about a quarter of peak hour demand. With the bids due in by November 19, the likely contenders are two private consortia in addition to the publicly owned Northern Ireland Electricity (NIE).

With the project expected to cost more than £500m, and to create a significant number of jobs, Government officials view it as the biggest-ever private investment in Northern Ireland. They also appear interested in the idea of exposing the NIE to competition, like that taken for granted in the US.

The NIE's two private competitors are Antrim Power, a consortium led by the US Bechtel Corporation, with GEC Turbine generators as a minor partner, and Loughside Power, led by the Costain Group and



Foster Wheeler.

opening the cross border cable to the Irish Republic's Electricity Supply Board, closed because of the security situation for more than a decade.

The studies are being made at a time when Northern Ireland's electricity market, with some 580,000 customers, is also growing at the rate of 1.5 per cent a year, the fastest in the UK.

Much of the growth is as a result of people switching from other energy sources to electricity, while industrial sales are affected by the creation of many new small companies relying on electricity-based processes.

But the main incentive for modernising the power stations is that the NIE is saddled with the oldest and least efficient coal-fired power stations in the UK.

Mr Hadfield, who moved to Belfast last year from the Midlands Electricity Board, believes that the NIE, assisted by the Central Electricity Generating Board, could build the lignite

station just as quickly as private companies.

But Government sanction for public works is hard to obtain especially in a province where security tops the public shopping list. Even if the NIE went directly to the banks to raise the capital, the Treasury would still regard it as an undesirable addition to the Public Sector Borrowing Requirement.

For the time being, therefore, the NIE is trying to cut its losses through a fuel purchasing policy which exploits the fall in oil prices and the additional leverage this has given it over British Coal, its main coal supplier.

Because of the poor efficiency of its coal plant, NIE has been saving money by burning far more oil this year than usual. British Coal has supplied no coal to NIE since last April.

In a new three year-deal with British Coal, however, NIE will soon resume buying most of its needs from Britain.

Maurice Samuelson

Transport/Communications

High standard of links

TO AN outsider looking at the map of Europe, Northern Ireland must appear a remote western corner. For those who live and work there any feeling of remoteness has been pushed aside by the development of modern transport and communications links.

Since the post-war era, Northern Ireland has been forced by its location to implement a vigorous policy of improvement to internal and external communications in order to provide standards which satisfy the internationally mobile companies it seeks to attract.

For such companies the additional cost of importing raw materials and exporting finished goods has to be taken into account, but it is a small factor in the calculations. What is very important is that the links with the outside world actually exist.

Nowhere in the province is very far from a port. Direct services to Europe serve up to 20 destinations from Scandinavia to the Mediterranean coast and there is access through non-direct services to anywhere you care to mention.

In spite of a manufacturing decline, the four main ports all saw increases in the tonnage they handled last year.

Belfast, which is Ireland's largest port, last year celebrated its bicentenary with a 13 per cent rise in trade to 6.6m tonnes.

Belfast Harbour Commissioners, who have stepped up a marketing effort to win trade away from Dublin, have just opened a new general-user container terminal. It is part of policy of continuous improvement which saw a £12m capital investment in the first half of the decade, with a further £20m earmarked for more handling facilities.

Larne Harbour, owned and operated by the European Ferries Group, is the busiest ferry port offering a short crossing to Stranraer and Cairnryan in Scotland. A popular connection for road freight, tonnage moved last year rose by 5 per cent to 3.4m tonnes.

The route, served by Sealink and Townsend Thoresen, is heavily used by tourist traffic. Car and caravan movements rose by 9 per cent last year to 255,800. The port, which opened a new passenger terminal last year, is installing a third two-tier vehicle loading ramp to cope with the growing demand.

The ports of Londonderry in the north-west and Warrenpoint in the south, reported increased tonnage last year of, respectively, 3 per cent and 8 per cent.

Air travellers in and out of the province have seen a transformation of the main airport at Aldergrove and the opening of a second airport at Belfast harbour only minutes from the city centre.

Belfast International Airport, formerly known as Aldergrove, is now one of the busiest in the UK and among the best equipped regional airports in Europe. It launched an ambitious re-development programme in 1977, aided by government and EEC funds, which has produced modern air-side facilities, a new international wing and, now underway, major improvements in domestic passenger handling.

The number using Belfast International increased 4.2 per cent to 1.64m last year. It handles 94 flights daily to and from London's two main airports, serves 10 other UK airports and has scheduled services to Amsterdam, Brussels and Paris.

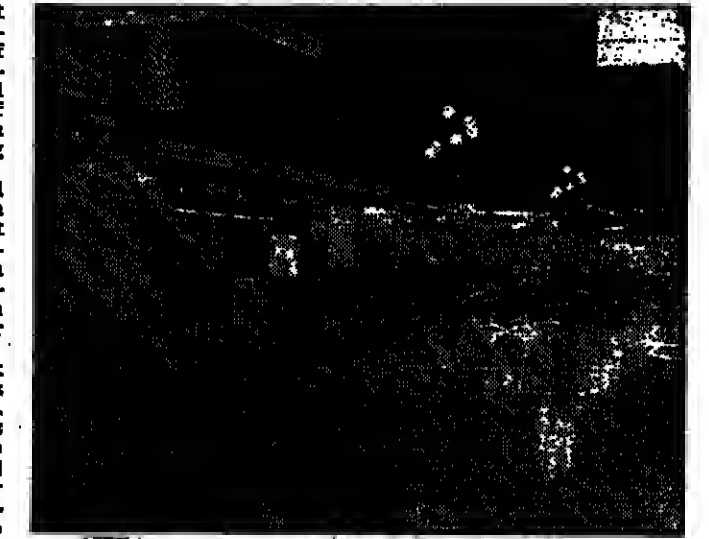
A 65-acre site within the airport complex was designated in August 1984 as a freepoint area as part of the Government's UK wide experiment. So far it has proved to be a slow-starter with the attractions of duty-free processing appearing to be an insufficient draw in comparison with other readily available investment incentives in the province.

The freepoint's first phase covering a two-acre site offers 90,000 sq ft of accommodation. Part of this has been leased for maintenance operations to a local aviation company and Northern Ireland Airports, which operates the business, hopes the remainder will be taken up within three or four months.

Belfast Harbour Airport has flourished since its owners, aircraft manufacturers Short Bros, opened for civil traffic. Passenger throughput rose by 10 per cent last year to 192,000. The airport, which initially attracted some of the smaller independent airlines away from Belfast International, was brought into use because Shorts saw it as a marketing tool for its family of commuter aircraft. It proved a popular decision for businessmen requiring speedy links to other UK regions.

Marketing Northern Ireland as a business location has, unlike the Irish Republic, been free of telecommunications worries. British Telecom provides direct dialling to more than 98 per cent of the world's telephones from even the furthest corner of the province. Business users have the same standard of services available as in the rest of the UK, including Telex, facsimile transmission and computer-to-computer links. A large part of the province is now also included in the cellular radio network.

Alan Watson



Main concourse of Belfast International Airport.

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FINANCIAL TIMES SURVEY

Technology Transfer

Increasing interest by companies, governments and academic institutions is providing more pathways for technical and scientific advances to be developed commercially. The overriding belief is that technology-based industries are the ones which will prosper.

Pursuit of good ideas

THE WAYS in which technical and scientific research works through to the commercial sphere has in recent years become a hot political and economic topic in many parts of the world.

Suddenly, a host of people from politicians to university vice-chancellors are examining the routes by which this transfer takes place and techniques to make the translation more effective. Companies, government bodies and academic institutions are spending much time and money in creating a variety of new mechanisms to aid this process.

The mechanisms include, in the industrialised world, anything from science parks at universities to formal policies laid down by managers of individual companies to assist innovation and make staff more susceptible to new technical ideas.

In the developing countries, technology transfer policies are often seen as fundamental to schemes to improve economic growth and raise living standards.

The reasons behind all this activity need to be explored. After all, technology transfer is nothing new. It has been at work in putting into practical form the scientific advances developed by mankind over the centuries, from the first stone axes to the mechanical factory systems that drove the Indus-

trial Revolution.

Today's interest in technology transfer, which even a decade ago would have attracted the attention of few people other than scholars bunting for subjects for particularly dreary PhD theses, stems from several factors.

Over-riding everything is the widespread belief, in many parts of the world, that technology-based industries are the ones which will survive and prosper, creating wealth and employment and to some degree compensating for the decline in traditional manufacturing industries such as steel, shipbuilding and heavy engineering.

The areas normally picked out for special attention as businesses of the future include electronics, scientific instruments, aerospace, chemicals, office machinery, and motor vehicles. This way of looking at the industrial impact of technology appears, however, somewhat narrow.

There is an increased realisation that advances in individual technologies such as computers can play a crucial role in reshaping "old" industries which do not appear on this list—among them the metals, machine tools and textiles bus-

nesses—and which are certain to remain important. Similar technical advances, too, are changing a range of industries outside manufacturing, in advertising, financial services and distribution, to take only a few examples.

According to one US study, in 1980 high-technology industries in the US accounted for 22 per cent of all manufacturing and service industry employment. It is a proportion that seems likely to grow.

According to the study, between 1976 and 1980 employment in high-tech industry rose by 19 per cent, compared to 12 per cent in other areas of manufacturing and services.

Mr Patrick Coldstream, director of the UK Council for Industry and Higher Education, an industry-sponsored pressure group formed early this year, says: "We can see the beginning of a perception that increased competitiveness (in industry) will depend on the best ideas from technologically-educated people. Unless companies intellectualise their business processes, they won't be around in five to 10 years."

There is also the increased pace of developments in technology, as a result of which a scientific breakthrough, in say microchips or biotechnology, can translate into a set of commercial products in as little as one or two years.

In this climate, the commercial organisations or the countries which hope to gain economically from the technologies will naturally want to make the transfer process as short and as effective as possible.

The increased globalisation of trade is another factor pushing organisations to study the way ideas move from the research to the industrial phase.

Competition is such that commercial groups which fail to manage this translation properly will be almost certain to lose out to those which do.

The escalating costs of research projects—in the pharmaceuticals or electronics industries these can run into billions of dollars—are one reason why company managers or government planners are trying to increase the returns from such programmes by closer attention to the transfer process.

Another possibility is to share the costs of the financing with partners, for example through licensing deals or by joint research projects involving a number of commercial groups or even different countries.

Among companies, notions about sharing research or of gaining ideas from outsiders are becoming more acceptable. "To keep up with developments, more companies are licensing in ideas from outside," says Mr Bingham Dove, director of Product Systems, a UK technical consultancy. "The NIH (Not Invented Here) Factor is gradually becoming broken down."

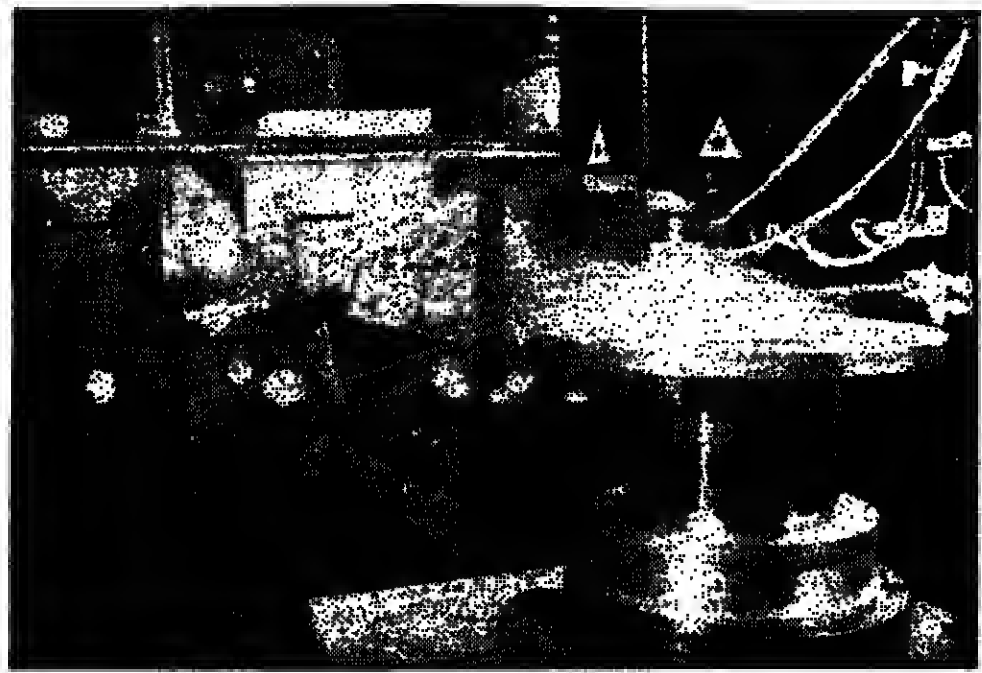
Evidence of this change in attitude comes from the commercial alliances being struck almost daily among big international companies in which exchange of technology are fundamental parts to the agreement. Recent examples include deals involving Western Union and Philips in telecommunications, ICL and Fujitsu in computers, and Intel and IBM in semiconductors.

Such alliances can often pay off handsomely, even though commercial managers may have to be patient.

Governments have become particularly keen on technology transfer. They have taken a lead in wanting to see definite examples of economic returns, in the form of new processes and products, from the large sums of taxpayers' money spent on scientific research. Countries in Western Europe, in particular, have in recent years been indulging in a collective form of angst over this issue.

Concern has grown that advanced scientific work by these countries in specific areas—optical fibres and kits based on immunoassays for medical diagnosis are just two examples—has often failed to become translated into commercial success. Instead, in recent years the US and Japan have raced ahead in many high-technology areas, frequently using the scientific breakthroughs that the Europeans have pioneered.

This explains the frenzied activities in Western Europe to narrow what it sees as the "technology gap" between itself and the US and Japan.



A new 10-kW carbon dioxide laser that is capable of welding solid steel up to 18 mm thick at 3 ft per minute. The British-built laser, bought with aid from the Department of Trade and Industry, is the nucleus of a two-year R and D project by the Welding Institute aimed at licensing the technology

Mechanisms aimed at making better commercial use of scientific ideas include the Esprit and Eureka technology projects, in which individual countries in Europe are pooling research efforts in disciplines such as electronics, new materials, chemicals and transport.

Other efforts are focusing on universities as repositories of technical skills which need to be spread far and wide into the social fabric of a country to yield maximum economic benefits. Hence the interest in science parks and innovation centres. Developments attached to academic institutions which seek to aid the transfer of ideas into industry, either via new small businesses or into existing companies.

A related idea is to fund "technology brokering" which will arrange contacts between academic researchers and commercial organisations wishing to obtain new ideas in specific technical areas.

Academic groups and municipal authorities in a number of European countries, notably West Germany, France, Sweden, Holland and Britain, have been active in setting in train such developments. There is, too, keen interest in the US in

cementing stronger ties between academic institutions and the business community, via mechanisms such as joint research centres.

Part of the developments in technology transfer in recent years has concerned efforts to steer the results of scientific and technical research—and the uplift in economic fortunes which it is assumed will accompany commercialisation of the research—to regions badly hit by the decline in traditional manufacturing.

This explains why a number of cities hard hit by this decline, Birmingham in the UK and Dortmund in Germany for example, have set up their own technology transfer agencies to help existing companies become aware of new ideas that can improve products and processes.

As part of these moves, the European Commission is studying a project called STRIDE (Science and Technology for Regional Development in Europe) which could aid the setting up of innovation centres and similar organisations in the depressed regions.

The interest in how technology flows into the world of commerce and boosts economic performance has had at least

one negative result. The increased awareness of the importance of the "technology resource" of a country in aiding international competitiveness can endanger the open exchange between countries of scientific literature, according to a report last year on information-technology research by the US Congress's Office of Technology Assessment.

Ultimately, said the office, such attitudes could endanger traditional methods by which scientists and engineers gain new information and, as a result, put back the economies of countries which do not raise their own standards of research.

Finally, what is the effect of new mechanisms in aiding technology transfer? In many cases it is too early to judge overall results—although adherents of technology transfer policies are already claiming successes.

Mr Juergen Allesch, director of the Technology Transfer Agency in Berlin, which is funded by the Berlin municipal authority, says the agency's activities are stimulating the growth of new companies in areas such as electronics as well as feeding the results of university research into existing enterprises.

Growth of the science park movement 1980-85

	1980		1985	
	Parks	Establishments* on parks	Parks	Establishments* on parks
UK	3	76	13	189
West Germany	—	18	18	269
France	3	275	8	329
Belgium	4	38	5	76
Netherlands	—	—	3	42
Total	10	389	47	887

*Establishments include companies and research institutes.
Source: Curia Supra Partnership.

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- Humberside College of H.E. 0482 41451
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- Leeds University 0532 431751
- Leeds Poly. 0532 630505
- Leicester University 0533 554455
- Leicester Poly. 0533 551551
- Liverpool University 051-709 6022
- Liverpool Poly. 051-207 3581
- London University 01-636 8000
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- Oxford Polytechnic 0865 64777
- Plymouth Poly. 0752 221312

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- Sheffield City Poly. 0742 20911
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- Southampton Institute of Higher Educ. 0703 229381
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Technology Transfer 2

The UK

Universities and industry begin to talk a common language

EFFORTS IN the UK to promote more efficient ways to feed scientific ideas into industry have concentrated above all on the country's academic institutes.

For many years people have had the feeling that universities and polytechnics should be doing more to strike up liaisons with companies in an effort to produce more commercial results from the cash spent on academic research.

In recent years, this has started to happen. "Industry and the universities are starting to talk a common language," says Mr Patrick Goldstrang, director of the UK Council for Industry and Higher Education, an organisation formed 10 months ago and chaired by Mr Jim Prior, the chairman of GEC and former Cabinet minister.

One sign of the improvement in relations is the steep increase in cash the country's 40 or so universities are earning from research sponsored by industry. In 1984-85, this came to nearly \$48m, a 46 per cent increase on the \$33m these bodies earned in this way in 1983-84.

The cash forms part of the total of roughly \$300m, most of this from public bodies, that the universities spend on research each year.

The UK's contract-research organisations, commercial groups such as ERA Technology, the Fulmer Research Institute and the BNF Materials Technology Centre, sometimes complain that their own contributions to technology transfer are overlooked in the emphasis on academic institutes as sources of expertise in R and D.

Indeed, some of these contract-research bodies, which last year set up an umbrella group called Innovation for Industry to raise the profile of scientific and technical research among decision makers in companies and in the Government, are world leaders in their disciplines. An example is the Cambridge-based Welding Institute, which sells research expertise to hi-tech companies not only in Britain but other parts of the world.

It cannot be denied, however, that the role of the universities in providing important scientific and technical ideas to industry is essentially far greater. This is mainly because the research of academic organisations is inherently organised around long-term projects which, if they reach fruition, provide products and processes for industry that are fundamentally new.

For example, research in optical computers, which use beams of light rather than electrons to process information and so work at very high speeds, is now under way at several academic institutes around the world. Assuming the technology matures, optical computers could revolutionise the global electronics industry in the 1990s.

A still greater reason for emphasis in Britain on the academic institutes is that, in the past, they have been relatively poor at channelling science and technology to the world of commerce. University researchers,

The universities' incomes

University	1984-85		1985-86	
	Income (\$m)	% from UK industry	Income (\$m)	% from UK industry
Salford	25.5	11.8	25.5	11.8
Heriot-Watt	21.7	8.59	21.7	8.59
Loughborough	22.0	8.28	22.0	8.28
Birmingham	66.7	7.94	66.7	7.94
Surrey	25.7	6.95	25.7	6.95
City	22.6	6.14	22.6	6.14
Brunel	21.3	6.02	21.3	6.02
Essex	16.0	4.39	16.0	4.39
Bradford	24.0	5.37	24.0	5.37
Strathclyde	43.6	5.27	43.6	5.27
Reading	33.5	5.14	33.5	5.14
Aston	25.2	4.91	25.2	4.91
Stirling	14.9	4.39	14.9	4.39
Leicester	29.3	4.90	29.3	4.90
Durham	26.4	3.98	26.4	3.98
Warwick	30.4	3.78	30.4	3.78
Bath	21.1	3.59	21.1	3.59
Nottingham	45.5	3.58	45.5	3.58
London	43.4	3.58	43.4	3.58
Newcastle	33.3	3.43	33.3	3.43
Dundee	24.4	3.25	24.4	3.25
Sussex	25.6	3.22	25.6	3.22
Wales	122.4	2.97	122.4	2.97
Southampton	46.6	2.97	46.6	2.97
Leeds	66.2	2.87	66.2	2.87
East Anglia	23.1	2.80	23.1	2.80
Bristol	49.7	2.57	49.7	2.57
Cambridge	76.5	2.51	76.5	2.51
Lancaster	21.7	2.37	21.7	2.37
Oxford	89.0	2.33	89.0	2.33
Manchester	110.7	2.16	110.7	2.16
Exeter	25.2	1.98	25.2	1.98
Glasgow	75.9	1.89	75.9	1.89
Sheffield	45.7	1.77	45.7	1.77
Edinburgh	31.0	1.77	31.0	1.77
Aberdeen	38.4	1.55	38.4	1.55
York	20.1	1.33	20.1	1.33
Hull	21.7	1.02	21.7	1.02
Liverpool	35.6	1.02	35.6	1.02
Queen's Belfast	19.5	0.86	19.5	0.86
Keele	19.0	0.85	19.0	0.85
Kent	19.0	0.58	19.0	0.58
St Andrews	18.4	0.53	18.4	0.53

* Research for UK industry plus income from special and short courses. † Includes University of Manchester Institute of Science and Technology.

even in engineering departments, have normally been less inclined than their counterparts in countries such as the US and West Germany to strike up relations with industry.

Such links can be in the form of consultancy, in which the researcher works for a company part-time, or even via the route of an academic setting up his or her own business organisation to bring a technical idea to the commercial stage.

Several events have brought about a change in perceptions in recent years. Most important have been the Government cuts in university spending, which date to 1981. One effect was to make universities feel they should be doing more to earn a living by striking up contacts with the outside world.

On top of this has been a stream of public pronouncements that universities and other academic organisations should strive to aid the re-industrialisation of Britain, by helping companies to take up new ideas in areas such as electronics, materials and biotechnology.

Industry, too, has shifted ground. Though the country's biggest industrial groups, such as GEC, BP and ICI have long had close liaisons with the world of academia, industry as a whole, particularly smaller companies, have become more interested in viewing academic organisations as sources of expertise.

The result has been a stream of actions by universities, in setting up science parks or organising industrial liaison offices to promote contacts with commercial groups.

One example of this thinking concerns Imperial College, part of London University and already one of Britain's most industry-oriented educational bodies, where administrators are starting a new effort to strike up links with companies.

Dr Warren Heeman, vice-president in charge of development at the Georgia Institute of Technology in the US and an expert in raising funds from industry, is to spend the first six

months of 1987 at Imperial to provide a blueprint for industrial liaison for all the college's departments.

Manchester is another centre where new types of contact between academic groups and industry are being explored. The University of Manchester Institute of Science and Technology (UMIST) and Salford University have joined forces with the Machine Tool Industry Research Association in Manchester to set up a Manchester-based Advanced Manufacturing Technology Centre to provide new ideas in automation to industry.

Commercially-oriented "clubs", in which companies pay universities a set membership fee to take research results in specific areas, are also becoming popular at academic centres. Such clubs have been pioneered by commercial groups such as the UK Atomic Energy Authority's Harwell Laboratory, which organises a variety of sponsored research programmes in areas such as materials science and process control.

An example of a university-based club is at UMIST, where the chemical engineering department has started a technical effort in what is called process integration research. Companies pay a fee of \$10,000 a year to participate in and use results from a programme in advanced thermodynamics which is examining new ways to build process plants that use up to 50 per cent less energy.

In teaching, not only in research, many university groups are moving towards closer collaboration with industry. Salford University and Cranfield Institute of Technology have both started information technology institutes which, in partnership with leading companies, are running courses in electronics and computing with the prime interest of giving the people who participate the skills which industry requires.

Other universities running specific technology courses in liaison with industry include

Brunel, Liverpool, Sheffield, Essex and Bath.

The past few years have seen new interest in organising ways to exploit the research results from universities via technology-transfer agencies. At one time, the state-owned National Research Development Corporation (now part of the British Technology Group) was the only body empowered to take the results of publicly-funded research and license these to outside organisations.

With the intention of stimulating new licensing mechanisms, the Government has removed the BTG's monopoly in this area, giving other private-sector bodies a chance to act as the agents for universities in striking-up technology-transfer deals with outside concerns. It is generally agreed, however, that it is too early to assess the results.

A relatively little-noticed scheme which has operated for 12 years in which university graduates and companies work on joint commercially oriented research projects is the teaching company programme.

In this scheme, operated jointly by the Department of Trade and Industry and the Science and Engineering Research Council, university people and company engineers work together, normally for about three years, on a specific programme of industrial design and development.

Companies involved in teaching company schemes, of which more than 200 are in operation, include such well-known names as Lucas, Baker Perkins, ICI, Peter Brotherhood, Davy McKee, Marconi, James Howden, Taylor Woodrow, Oxford Instruments, Short Brothers, Harland and Wolff and Toshiba.

Judging by participants' experience of these projects, teaching company schemes often succeed in their objectives of helping a commercial concern solve problems by gaining access to academic expertise.

An issue frequently raised is whether the new emphasis on striking industrial links among the UK's academic institutions could distract such bodies from what many argue should be their overriding aims in the area of general teaching and in the pursuit of knowledge.

There is also a feeling that any efforts by the universities to obtain more cash from industrial sponsors will give the Government an excuse to reduce still more the level of state financing.

For many academic bodies, industry-oriented research schemes are still in their infancy. Universities as a whole, it appears, still have some way to go before the activities of this sort begin to outweigh the more conventional operations of academia.

It seems that a danger does exist, however, that due to public spending cuts academic institutes may be deprived of the resources they need for research into long-term studies which could be important industrially, assuming technology-transfer mechanisms are functioning in future decades.

Peter Marsh

The United States

Market flooded with software

MENTION "technology transfer" to an American and he will assume the subject is the Soviet Union's periodic theft of computers. Such a narrow focus on a large and important subject is understandable because the American government and media concentrate on this limited form of illicit export.

The media, while swallowing the assumptions of the government, also latch on to good stories in commercial intelligence, like the recent one about the Soviets trying to purchase an interest in a Silicon Valley bank in order to get access to companies' trade secrets.

The more pervasive area of commercial technology transfer, with a worldwide trade of \$300bn, is dominated by the US's 27 per cent share of high-tech exports among the top 15 industrialised countries. Where five years ago the US enjoyed a \$23.6bn trade surplus in high-tech products, the balance deteriorated to only \$5bn in 1984.

Still, America's exports are among the most sophisticated products, led by office automation with \$20bn in exports, electronics and telecommunications with \$14bn and aircraft and parts with \$13.5bn.

Together, these three areas account for 65 per cent of the country's high-tech exports. In only two of them, office automation and electronics, is the American share of exports growing, while US imports have included consumer electronics, advanced materials and robotics, in which the Japanese have become the dominant world suppliers.

The willingness of US businesses to give away high-tech licenses cheap is "ancient history," notes Mr Brian Smith,

a partner in Arthur Andersen, the country's largest accounting firm, which does a great deal of work providing and advising on systems for businesses.

American corporate protectiveness has taken two forms: refusing to license new technology, as Motorola has been doing with Hitachi for its 68020 microprocessor, and vigilantly guarding against unauthorised use of protected systems, as IBM does with domestic as well as foreign competitors.

Companies are still licensing specialised software systems to offset the cost of development but, according to Mr Mel Bergstein, managing partner at Arthur Andersen, they are also "increasingly jealous of the technology they are using."

When Arthur Andersen develops a programme for a client, Mr Bergstein says, it belongs to the client. The client sometimes licenses it to other companies as long as they are not competitors, but besides a fear of competition, system developers need a marketing specialty to do well in the field.

So much software has flooded the market that just having a product no longer automatically finds it a customer. "You need to service and upgrade your product," Mr Bergstein contends. "You have to have the resources to do research and development on a sufficient scale to provide the services a client expects."

Even companies in the business of disseminating technology are finding new ways to protect it from competitors. IBM, which spends \$4bn a year on research (more than all US competitors put together), is adding microcode to its computers' operating systems, which shifts the work

of hardware to software applications.

These unique instructions cannot be duplicated by competitors and will go a long way towards stiffening IBM's defensible market. Since IBM can make upgrades with the microcodes, customers will be afraid to use any other machines.

In the less sophisticated but lucrative personal computer market, IBM has been stung by the price undercutting by clones imported from Asia that use the same components as IBM. To get away from off-the-shelf technology, IBM has made a licensing-exchange deal with INTEL, in which the giant company already has a stake to provide a unique system for a new generation of personal computers.

American companies have been criticised for sharing research and development, especially in areas where the US seems ahead of the competition. Boeing's development programme on the 737, so named (critics say) for Japan, is being co-sponsored by the Japanese.

The twin-engine, short-to-medium range 150-seater, is expected to go into service by 1982 with a new propeller called a "propulsor" and shaped like a screw.

Mr Murray Wendenbaum, economist with Washington University in St Louis, says: "In terms of generating research and development in private industry, aerospace is always up there as number one." So the technology transfer implied in the joint research seems to jeopardise America's advantage in an area that had stayed ahead of the Japanese.

If companies are constricting the market for technology transfer, there are other entities pushing it. After all, jealously guarding competitive advantages only makes the other guy have to go out and buy his own, and increase sources of supply are growing up.

Cities like Pittsburgh, which have lost the century-old industries, think they can revive the lost jobs with high-tech businesses. Universities like Carnegie-Mellon, which was a founder of the field of artificial intelligence, are having companies support the work of their researchers or encourage their people to start their own businesses.

Public funding subsidies remain in incubator space near the campus, where the first office-based industry of creating software can have a modest beginning.

In Pittsburgh, the Regional Industrial Development Corporation wants companies only in their formative stages and expects them to move on when they become profitable. But a host of other supporters await in the wings, starting with local investors and corporations which have their venture-capital pockets.

The state government also wants to help create new technology businesses out of the state's university research, having put money into a programme of lending and giving money for high-tech start-ups.

The current spate of stories about technology stolen for political ends will eventually take a commercial twist, but that may be only after the US has lost the competitive advantage it thinks its current level of vigilance will preserve.

Frank Lipsius

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Technology Transfer 3



The Soficar joint venture factory in south-west France in which Elf Aquitaine and Pechiney are combining with Toray of Japan to produce carbon fibres

France

A two-way system

FRANCE HAS long made abundant use of technology transfers to help the development of its own domestic industrial and research sectors. It has been the case in the nuclear and aerospace industries, heavy engineering and chemicals, the computer sector and telecommunications among others.

To help build up a domestic semiconductor industry on a major scale, the French Thomson group has forged links with Motorola, National Semiconductor and Oki of Japan using, among other techniques, the Oki manufacturing system at its new semiconductor facility near Nancy in eastern France.

Thomson also turned to Japan to help set up a domestic video-cassette recorder industry with a licensing agreement with JVC. "Licensing foreign technologies has been undoubtedly one of the cornerstones of French industrial policy over several decades," says a French industry official. It has supported France's own research and development efforts as well as in helping French industry to adapt its manufacturing and production systems to modern techniques.

Technology transfers have complemented the sizeable pool of state-backed research in

France and the country's scientific and engineering development work. Indeed, although budgetary restraint has also been cutting into the funds available for technology and research in France, the French 1987 budget nonetheless provides FFr 50.2bn for R and D, or 3.7 per cent more than in the current budget.

But technology transfers also have been a two-way system for France. It has not only enabled the country to acquire technologies to enable its industries to accelerate the development of a given sector, but it has also boosted France's own export performance and French penetration in new foreign markets, especially in South East Asia.

A good example of the way France has used its own technologies to penetrate a difficult market like Japan is the nationalised Pechiney aluminium group. Pechiney, like other strong technologically-orientated French companies, has long sold its aluminium manufacturing technology worldwide. It claims that Pechiney technology is now used in about half of all the world's aluminium plants built since 1978.

In Japan, Pechiney provided the technology for four out of the five main Japanese smel-

ters at the time when Japan sought to build up a domestic aluminium industry. However, with the subsequent overcapacity in the world market and the jump in energy prices at the end of the 1970s, Japan decided to abandon its aluminium manufacturing ambitions.

However, this association left Pechiney with a strong presence in Japan which has subsequently been reinforced in recent years through joint ventures with Japanese groups.

"If you want to do business in Japan you must be able to offer them something they haven't got. They are especially keen to secure Western technologies," a Pechiney executive says. The French group has thus recently set up a joint venture in advanced magnets with Kawasaki in Japan based on the technology of Pechiney's Unimet subsidiary. The group is discussing similar joint ventures in Japan trading its nuclear technology and its aluminium canning production.

In turn, Pechiney has been drawing on Japanese technology and licences to build up its own expertise in new product areas. For example, Pechiney and Elf Aquitaine, the French oil group, have

entered in a joint venture in south-west France with Toray of Japan to produce carbon fibres using the Japanese group's technology.

In northern France, Pechiney has set up another joint venture to produce copper products for the electronics industry with Mitsui Mining.

"With the search for new market niches and the costs of developing new technologies, we are likely to see a continuing intensification of efforts between French companies and foreign groups to acquire each other's technologies and form alliances in specific sectors," says a French government official.

Indeed, the new French conservative government has encouraged French industry to adopt an outward-looking approach to help boost export performance in what are increasingly becoming global markets. At the same time, it has seen as a crucial element to hold down costs and achieve the necessary economies of scale to compete internationally.

The way in which French industry has become intricately interlinked in the system of technology transfers is eloquently, and indeed ironically, reflected in the French computer industry. After years of painful and arduous restructuring, the French Bull computer group has now returned in the black following years of losses.

It is now considering acquiring a major stake in the information systems business of the US Honeywell group which used to own 47 per cent of the French group before it was nationalised by the State in 1982. Bull produces the DPS-7 midrange computer which Honeywell markets in the US.

If the emphasis has been largely on technological transfers between large French and foreign groups, the French authorities are increasingly keen to see smaller and medium-sized groups develop through the use of licensing acquisitions and sales. Indeed, the authorities would like to put greater emphasis on small companies to maximise technological benefits for the economy.

The last few years have seen the development of venture capital in France which the government hopes will stimulate innovation. At the same time, the rising role of the secondary market on the Bourse has also contributed lately to the development of this key and growing sector of the economy which, through the innovative process, could expand France's opportunities in exploiting technological transfers.

Paul Betts

Japan

Important source for the West

IT HAS all happened so quickly. It seems only a short time ago that the Japanese were the biggest importers of technology in the world, shamelessly imitating everything and anything made in the West.

Now they are widely recognised as one of the most important sources of technology in fields as varied as optoelectronics and microelectronics, and the world is clamouring for better access to Japanese discoveries.

From the industrialised countries come demands that Japan collaborate more in advanced science and technology projects in Europe and the US.

Sir Robin Nicholson, chief executive of the electro-optical division of Pilkington Brothers and former chief scientific advisor to the UK government, said in a speech in June to an Anglo-Japanese high technology industry forum in London that Japanese scientists should participate in some of the current European scientific programmes.

"Admittedly the problem of distance is great, but there are suggestions that problems of national pride are greater," Sir Robin said.

Meanwhile, the developing countries, especially neighbouring Asian countries, are making increasingly strident demands that Japan share its existing technologies and open its market to the resulting products as part of its aid effort.

There was a nasty incident last year when Japanese steel companies were reluctant to transfer their latest blast furnace technology to a Korean company on the grounds that the Korean company would become too competitive.

However, Government officials believe that Japan is, in principle, dedicated to pursuing technology transfers with both industrialised and developing countries in any area except military technology. Government officials believe that progress is being made rapidly on both fronts.

Ironically, the organisation that has been saddled with the task of promoting technology transfers is the Japan External Trade Organisation. Jetro is often cited as one of the main contributors to Japan's embarrassingly successful export effort. Now, as part of its efforts to promote imports, it is trying to stimulate interest in technology transfers.

The idea of transferring technology rather than providing

ordinary aid to developing countries is one that the Japanese like very much.

Jetro has been stepping up its efforts in the past five years in co-operation with Japan's International Co-operation Agency (Jica). The main programme, begun in 1982, consists of studying technology transfer opportunities in particular countries and then preparing seminars to give to local businessmen.

Some examples to date include fruit processing technology for the Philippines, weld-

Japanese investment in Asian countries. The idea is that Jetro will become knowledgeable about the foreign investment regulations and practices in these countries and so be able to advise Japanese companies.

The issues involved in technology transfers with industrialised countries are more subtle. In the first place, the transfers are usually made, or not made, between companies in the private sector, and thus the scope for government action is limited.

Secondly, the change in the

relative strength of the Japanese when dealing with European and US companies has happened so rapidly that attitudes on both sides often lag. To their dismay, the Japanese, who have benefited so much from technology imports, have acquired a reputation for maintaining a very tight grip on their own technologies.

In the past, European and American companies were often content simply to sell technology to Japanese companies, and showed little interest in participating directly in the Japanese market, which was seen as complicated and difficult. Also, little interest was shown in Japanese research.

Jetro officials say it is too early to see any impact of the programme, which runs on a modest ¥100m annual budget, but they say it has been welcomed in the countries where it has been applied.

Jetro also publishes about twice a year a manufacturing technology guide, which gives complete data on how to produce a particular range of basic products. Among the 24 fields covered to date are aluminium sashes, pumps, soaps and detergents and bolts and nuts.

Earlier this year, because of the increased pressure from developing countries, Jetro set up a programme to promote direct

more aware of the market implications of technology and so have been less willing to sell their knowhow. They prefer to make technology exchanges, and have been increasingly active in this field.

Meanwhile, they have recently begun to establish manufacturing operations abroad. Europeans and Americans have been critical of the Japanese for not actually transferring technology when they move abroad, by, for example, setting up R & D operations in the host countries. However, Jetro officials are confident that this will soon follow.

Similarly, Jetro has been promoting joint research projects by setting up seminars and feasibility study missions in Europe, North America and Australia.

One obstacle to Western penetration of Japanese research is the fact that most Japanese researchers are employed by industry, and so their work is not published. Jetro is trying to alleviate this problem by reorientating its 14-year-old monthly magazine, *New Technology Japan*, towards new high technologies. Previously, it tended to specialise in appropriate technologies for developing countries.

Jetro has been surveying the attitudes of Japanese companies to technology transfers and believes there is a strong growth trend. For example, a 1985 study of US-Japan industrial co-operation agreements found 622 cases compared with 890 in 1984. Moreover, a majority of the cases involved joint R and D and technical exchanges, such as joint venture manufacture.

A similar study in Europe found 239 cases between April 1985 and March of this year, of which 193 involved technology exchanges.

Ian Rodger

Japanese companies have been

The Japanese are being urged to collaborate more in advanced science and technology projects in Europe and the US

Techmart doubles in size

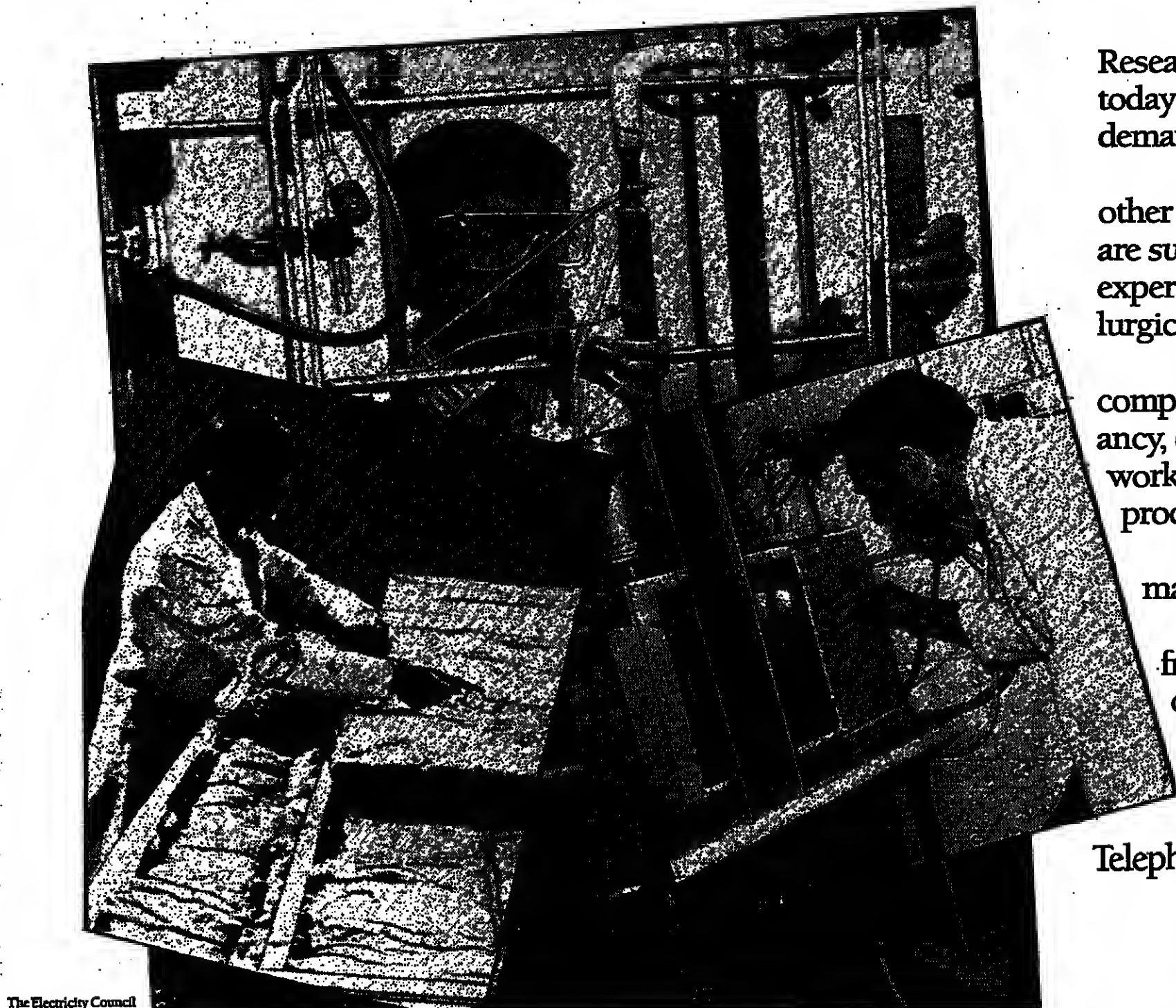
IN THE UK, Techmart, at the National Exhibition Centre, Birmingham, from November 11 to 14, is a new technology market place which is similar to established events in the US and elsewhere in Europe.

The show has more than doubled in size since it began in 1984 with 300 stands this year extending into the field of joint ventures and acquisi-

tions as well as technology transfer.

Techmart will include organisations of all sizes from the single inventor to large companies. The established events include Techex exhibition in the US, Novatech in Paris, the research and technology section of the Hannover Fair, the Inventors Fair in Geneva and Flanders Technology in Belgium.

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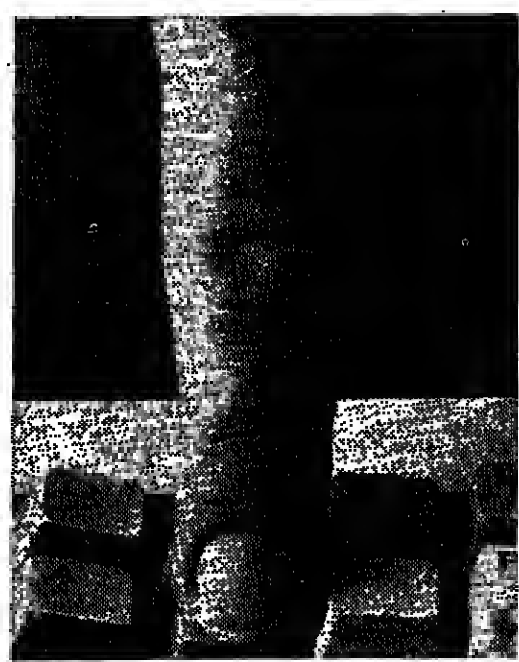
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Technology Transfer 4

Medium companies

At root of industry's ability to compete

NOWHERE ARE the issues of technology transfer for the medium-sized company better illustrated than in the industrial heartland of the West Midlands. For all the job losses, closures and structural unemployment caused by the traumatic shake-out of recent years, companies are turning to new technology for their future. Important initiatives are being taken by the universities and local authorities to encourage a flow of ideas not merely between academics and industry but from company to company.

Mr James Cran, West Midlands regional director of the Confederation of British Industry, says: "Technology transfer may not be the most exciting of topics but we recognise it is at the root of industry's ability to achieve competitiveness over the next decade."

"For too many people outside this region economic decline equals manufacturing which in turn equals the West Midlands," he comments. But he points to a recent survey conducted by the CBI across the economic region which showed that four out of five companies had introduced new products or processes.

Some 95 per cent of those questioned said technology had had an impact on the products they produced over the previous four to five years. "It might be surprising to outsiders who have read only about our job losses to realise how much change and innovation is taking place—of the dynamism within local industry," Mr Cran says. The other revealing element of the survey was the range of sources from which companies took new technology, with 82 per cent identifying in-house research and development.

Next in importance, at 35 per cent, was research taken from the parent company, with outside research organisations and consultants scoring a similar rating.

One in four companies used the universities and higher education, 16 per cent used government research establishments and a similar number bought licences.

Economic factors impeding the adaptation of new technology are pinpointed clearly by the survey as: poor profit return (38 per cent); lack of capital (21); insecurity about long-term demand (33); and shortage of skilled staff (22).

Similar constraints were identified in a study by the West Midlands Enterprise Board—the body created by the former metropolitan county to stimulate growth among medium-sized companies now supported by the district councils.

The board says that while the economies downturn is an incentive to modernise to cut costs and survive, it also places constraints on investment.

"Firms often find themselves operating on a very short-term planning basis and are able to do little more than muddle through." Companies might be lacking both the will to take risk and the credit rating to justify financial backing.

The board makes the important point that technology transfer may not necessarily be capital intensive. New products and processes were not necessarily high-tech but might simply involve the commercial application of well-tried practices.

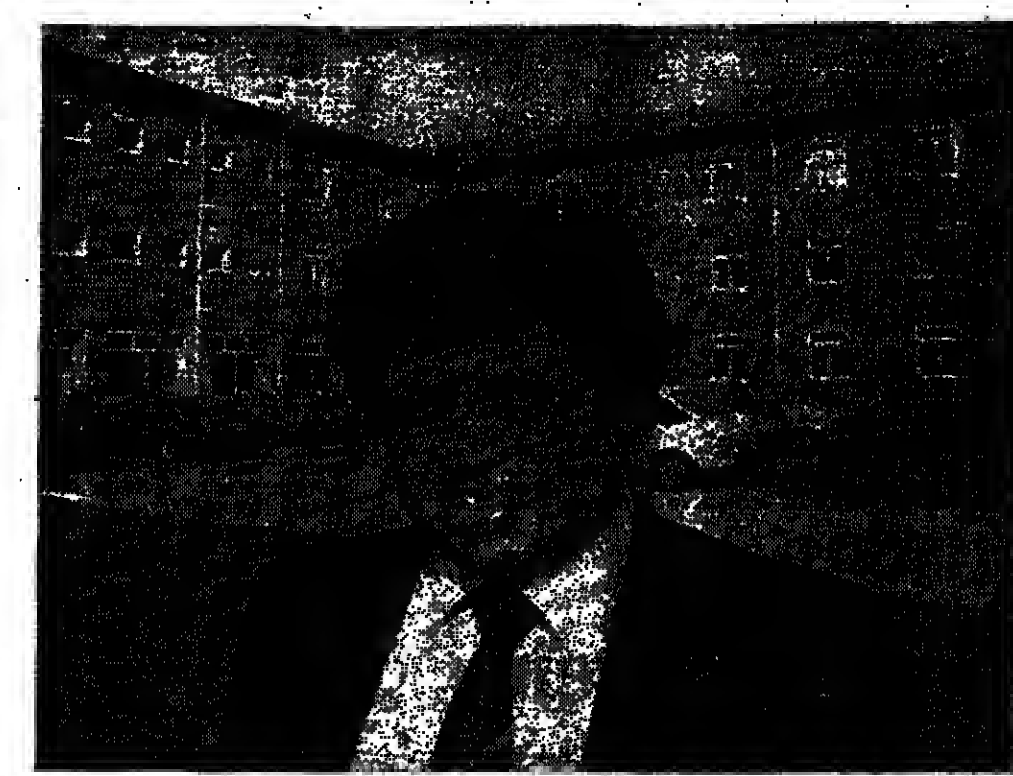
There is widespread support among industrialists for the board's findings that technology transfer is impeded by barriers to the flow of information. Many medium-sized companies, lacking in-house research and development, are not able to find the required information. They might have an idea of the technology in their sphere but lack the know-how to apply it; management skills to deal with such innovation might not be on hand.

The CBI, according to Mr Cran, believes the main requirement is some form of clearing-house system to put middle-sized companies in touch with the appropriate technology. "The innovative drive is there, but it tends to be a bit hit and miss with everybody doing it according to their own style."

To that end the enterprise board, in partnership with Aston University, Birmingham, plans to open later this year technology transfer centre manned initially by a staff of about six people.

The board has placed contracts with Bath University to establish a data base of sources for new technology, recognising that it is not just to the academic world that industry should be looking, or even the conventional research organisations and licensing agencies.

The board puts great store on persuading company to talk to company, and not merely on the parochial level: the new centre



Prof. Kumar Bhattacharyya of Warwick University's engineering department. He has attracted more than £16m of finance from industry and research bodies.

aims to tap companies throughout the UK and Europe.

Approaches have been made to large companies to encourage them to carry out in-house "technology audits" to identify potential products or processes that might be suitable for licensing.

The board for the past 12 months has been seeking out companies most likely to benefit from the service it will offer and now has some 400 on its computer database.

The target is medium-sized operations employing 50 or more people. This is seen as the sector which has most often failed to adapt to new technologies. The new or small companies do not normally have the track record or turnover to attract licences.

The West Midlands Enterprise Board's proposed centre provides a good example of the initiatives taking place in several parts of the country. The board said it looked at similar schemes already operated by the Scottish Development Agency and Newcastle University.

A West Midlands focus for its clients but the aim is to achieve national reputa. Fees will be charged and the aim is to achieve breakeven on the service within three years.

The link with Aston University, which already has a successful science park, is aimed at making the academic resources available to a wider market—the university boasts 350 consultants working in four facilities with £10m-worth of grant-funded research equipment in 170 laboratories.

Similarly, Birmingham University has set up an institute of research and development to further foster its joint projects with industry. More than 7 per cent of its £27m a year income already comes from selling research and high level training to industry.

Mr Cran of the CBI draws attention to the work of Prof. Kumar Bhattacharyya, of the engineering department at Warwick University, which is identified by the government as well-placed to become a national centre for advanced manufacturing technology.

Prof Bhattacharyya has attracted more than £16m of finance from industry and research bodies and established close links with the big names in the engineering industry such as GKN, Austin Rover, Rolls-Royce, Lucas and British Aerospace. Such technology, subject to safeguards of confidentiality, is often available for transfer to medium-sized companies.

The latest hardware and software is provided at the purpose-built computer-aided design and manufacturing centre, complete with £3m-worth of equipment. A £3m technology centre established in partnership with Austin Rover will open this year and provide research and problem-solving tests.

The private sector has funded a £1.5m computer integrated manufacturing laboratory equipped with computers by Digital Equipment and computer-controlled machine tools by Cincinnati Milacron.

The main point of contact with medium-sized companies is through the centre for manufacturing renewal, sponsored by

the consultancy arm of accountants Coopers and Lybrand. The aim is to focus attention on companies in the traditional manufacturing sector and identify processes and activities that would benefit from new systems, materials or technologies.

Prof. Bhattacharyya says his staff of about 100 are constantly dealing with companies of all sizes on a research basis seeking to pinpoint the factors that lead to innovation and establish trends which can be applied generally.

But he argues that technology cannot be treated as an independent entity and just lifted off the shelf. "The big problem is one of awareness. The message has to come from the boardroom downwards through all layers of management that the enabling technologies may be available but they have to be applied as part of an integrated strategy."

Prof. Bhattacharyya runs courses and seminars for senior executives which involve brainstorming sessions to stimulate different patterns of thinking. But for each company a "technology audit" is conducted.

"Introducing technology does not necessarily mean investment in expensive computers and robotics. The problem could simply be one of recognition, of the wrong marketing strategy or the wrong mix of products. Management too often becomes divided into separate portfolios; we have to examine the corporate strategy as a whole."

The emphasis, he says, is put on using the technologies that are already known and understood—"though near to the leading edge"—so that changes are capable of prompt implementation.

The real strength of his unit in linking the academic world with industry, he argues, is that there is a constant flux of new research and applications flowing through the department. "Companies whatever their size know that we are finding the practical solutions to technology transfer."

Arthur Smith

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Large companies

Conundrum of using wealth of resources

ALLIED-SIGNAL CORP, the diversified American company formed last year in the merger of Allied Corp and the Signal Corp, has announced the formation of a tiny new company: Identotech. The fledgling is a joint venture between Allied and Senomatic, a maker of anti-theft devices.

The union may seem an odd one. But to Allied it represents an important migration into the marketplace of a technology which originated in its laboratories, but for which it had no direct use among its existing business lines, according to the company.

Allied, the Identotech deal is a case of successful technology transfer—a phenomenon attracting a growing amount of attention at large companies worldwide.

Large companies are grappling with a conundrum: collectively they possess a vast wealth of technological resources and research capabilities. But, because they are large and usually bogged down with long-established internal bureaucracies, they may lack the entrepreneurial spirit that characterises smaller organisations — particularly those driven by new technologies — and makes it possible for them to convert raw technology into commercial success.

Big companies are looking for ways to emulate that spirit, or to tap into it through deals with small companies that allow technological or product-oriented liaisons without squashing entrepreneurial behaviour.

The history of Allied's Identotech deal illustrates some of these points, although the outcome is uncertain. In 1971, researchers at Allied had developed a new type of metal, a thin, lightweight material with non-crystalline structure that turned out to have superior magnetic qualities.

Patents were obtained, but the impressive technology languished, since it did not fit into any established business line in the company, there was no natural "pull" from within to commercialise it.

It was not until much later that the new material, christened Metglas, emerged. Allied had created a unit called the Allied Technology Co to act as a "greenhouse" for internally-generated but homeless technologies. The new

material project was moved in. And there, market-oriented staffers hit upon several possible applications for Metglas, including anti-theft devices, thin strips of the electromagnetic sensitive material could be attached by retailers to clothes or other soft goods.

"This is another spin-off. We've just announced the company and have a prototype in the market," says Mr Mike Ascolone, an Allied spokesman.

The joint deal gives Allied an outlet to Allied technology while Allied gains the benefit of an outsider's presence in a market Allied had not been in. "This is another spin-off. We've just announced the company and have a prototype in the market," says Mr Mike Ascolone, an Allied spokesman.

Despite their stunning success, Mr Ascolone would not comment on the technology's profitability to date.

Indeed, experts on the subject point out that some of the chief difficulties associated with growing new technologies into commercial products is knowing when to give up and admit failure.

The rate of failure is high indeed. In a 1982 report, the management consulting firm Booz Allen & Hamilton estimated that out of every eight serious new-product ideas only one survives to become a commercial success.

Recently, considerable attention has been given to the concept of a "product champion," a person so committed to a product idea that he or she is willing to work overtime, take unusual risks and stick with something until it finally succeeds. Companies have been encouraged to create mechanisms that will allow such individuals to surface and have a chance to follow up on their convictions.

But other experts argue that such erratic individual activity cannot be relied upon to generate a consistent supply of innovative products.

Mr Richard Foster, director of the US management consulting firm McKinsey & Co, agrees in his book Innovation: The Attacker's Advantage that the process of identifying promising new technology and transferring it to the market can be systematically predicted and managed.

"We began to see not only patterns of success and failure but the principles that caused events to unfold as they did,"

he writes. "There was indeed a structure and predictability about innovation."

In three appendices to the book, Mr Foster offers specific advice on how managers can assess their technology and track it through the development process to commercialisation, as well as be able to pick up when the process is going awry or is in danger of being usurped by new, related technologies.

A separate but related issue which is receiving a growing amount of attention concerns the challenge large companies face in transferring technology internationally. notes John Hauxley, president of the London-based European operations of US management consultants Booz Allen & Hamilton.

The Japanese are an example. He says: "Despite their stunning successes in a number of markets, the Japanese in certain areas are having a great deal of difficulty transferring technology. For example, 'to the US in telecommunications.'"

One problem he sees the Japanese having in the US, for instance, is in marketing software (which routes telephone calls) that come with the less software documentation than do competing systems.

In Japan, he suggests, since there is less job turnover, a user is quite likely to be able to go back to the same software engineer who designed the switch if any problems or questions arise but in the US the same engineer would quite likely have moved on to another position—so buyers want full documentation on how to handle the product themselves.

He also sees language and cultural barriers, including a very different approach to decision-making.

Whatever their manifestation, the difficulties of transferring technology from deep inside a company to commercial success in the market are riveting the attention of large companies perhaps more than before.

According to Mr Stanley Pratt, chairman of Venture Economics, a US consultancy that tracks this phenomenon and venture capital: "One of the most exciting things today is that large companies are beginning to learn if we really want to transfer our technology to the marketplace, we had better understand what the new market opportunities are."

Jane Rippetean

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Venture capital

Fertile area for investment

VENTURE CAPITAL has emerged as one of the financial phenomena of the 1980s and technology has become one of the most fertile areas of venture capital. Increasingly, venture capitalists are turning to technology transfer as a means of realising their investment.

In many ways pragmatism has dictated the involvement of venture capitalists with technology transfer. Once technology ventures have been nursed through the research and development stage the financial institutions which backed them in the beginning are eager to find a way of marketing the technology they have developed. Technology transfer is an obvious solution.

"Prutec was a direct response to the Wilson Committee report which criticised British financial institutions for their failure to become involved in the development of British industry," says Mr Michael Russell, a venture capital executive of Prutec.

Prutec was charged with a brief to provide venture capital for individual technology research projects, whether generated within university departments, independent research bodies or by entrepreneurs. Initially Prutec envisaged concentrating its activities on investing in R and D programmes and then marketing the resulting products through technology transfer or licensing to another company, possibly to the UK and the largest single investor in the London stock market, has been involved in technology transfer in the 1980s. But as the Pru's experience indicates, technology transfer in the UK is still in its nascence.

As Prutec developed it swiftly learnt that the research projects it was funding were much more difficult to market, whether through technology transfer or any other method, than it had expected.

"One problem was that we were becoming involved with research at such an early stage that the researchers would begin with one objective and as the work developed, would realise that it was moving off in a completely different direction," says Mr Russell. "But the chief problem was that British companies are just not amenable to the idea of bringing in technology from outside. Technology transfers may be a well-established system in the US and Japan, but in the UK we came up time and time again against the NIH syndrome. And NIH stands for 'not invented here'."

investment in venture capital, by providing funds for young technology companies. This began in 1982, initially absorbing 50 per cent of capital; it now accounts for 90 per cent.

The remaining 10 per cent is committed to technology transfer. In the last five years Prutec has been involved in the funding of 36 research projects. These include a low-cost modular robot; a biotechnological device for detecting ovulation in humans and livestock; an electronic piano; a baby bottle sterilisation unit; a device for helping consumers to put together self-assembly furniture. Roughly half of these 36 projects have been successful and Prutec has been able to secure licences for five or six products. Nonetheless Prutec is still committed to technology transfer. "There is definitely a place for it," Mr Russell says. "Investing in R&D projects is invaluable to us: it not only gives us access to interesting projects and developments, but forges closer links with university teams and independent researchers. There is definitely a market for technology transfer. We have just had to work rather harder than we expected to find it."

Alice Rawsthorn



Making printed circuit boards for the microphone in a telephone receiver. University and polytechnic departments are becoming increasingly involved with industry as microchip technology advances

Mechanisms

Emphasis on information flow

THE RANGE of mechanisms available to industry to bring about the transfer of technology appears to increase almost by the month. Most of these methods boil down to techniques to increase the flow of information about new technologies that may improve a company's economic performance.

It is worth remembering that most of these mechanisms are extremely simple. They involve nothing more than the flow of people. "The best form of technology transfer is people transfer" is a much-quoted adage in high-tech industry.

There is every sign that "people transfer" in the high-tech community is increasing. The men and women involved are either swapping jobs more often or simply exchanging ideas more regularly with people either from different departments of their own companies or who are employed by other organisations.

This trend has come about through a variety of factors, including the growth of small technology-based businesses started either by people leaving academic institutes or large companies. Businesses and universities have also increased their interaction as more commercial organisations realise the value to new products and processes of scientific research.

Individual companies (which can include competitors) are more used to talking to each other as a result of big research projects such as the pan-European Eureka programme, which is bringing together the technical efforts of 18 nations, or industry-wide projects organised in the US by bodies such as the Microelectronics and Computer Technology Corporation and the Semiconductor Research Association.

The latest are electronics industry groups formed to tackle a range of research projects in the belief that the scale of the technical problems, intelligence or new chip-making techniques, is too big for single companies to tackle on their own.

The US has seen several new research centres set up jointly by universities and companies. These include the Microelectronics and Information Sciences Center at the University of Minnesota, the Rensselaer Polytechnic Institute Center for Industrial Innovation in New York and the Stanford University Centre for Integrated Systems.

Companies involved in these initiatives include Hewlett-Packard, TRW, Xerox, General Electric, National Semiconductor, Control Data and IBM. Illustrations of this coming together of people from industry and academic institutes can be easily seen statistically. In the US, for example, between 1980 and 1983 industry's annual expenditure (in constant dollars) on R and D in universities and colleges rose three times, to \$370m.

In 1973, only 13 per cent of all research papers written by US industry scientists and engineers referred to the participation of university researchers; in 1982 the figures were 24 per cent. The change was most marked in biology, up from 19 to 46 per cent. In engineering, the comparable figures were 9 per cent and 17 per cent. Clinical medicine saw an increase from 21 to 34 per cent.

Many companies in the industrialised world have also set up their own internal procedures to improve the flow of ideas. That applies especially to large companies, which can be split into dozens of different units.

A big headache for these companies is often to improve the flow of communications in the group. According to Mr Derek Roberts, joint deputy managing director of GEC, Britain's biggest electronics and electrical company, with more than 100 operating divisions, different units of his company have sometimes been reluctant to work alongside others out of a misplaced zeal to protect their

own independence. To break down this reluctance, in the past three years GEC has made concerted efforts to encourage different units to talk to each other.

The ideas include regular meetings on subjects such as factory automation at which the individual divisions discuss their own approach, a series of intra-company newsletters and distribution of short videos designed to give employees a taste of research programmes going on in other parts of the group.

Mr Roberts says this initiative is already showing results, in the form of joint projects between separate units in such areas as computer-aided design and in a greater ability to use technologies developed in GEC's military divisions in other units that sell goods commercially.

Many smaller companies, which find it unnecessary to set up such formal procedures for internal communication, rely more on ideas coming in from outside. They may find help from a range of agencies, some publicly funded, which can put these concerns in touch with the proponents of new scientific or technical thinking.

"In the past it was commonplace for companies to seek financial help from outside agencies, but not to be asked too much about advice on technology," observes Mr Ron Loveland, director of Wintech, the technology arm of the Welsh Development Agency.

"This is changing as the pace of change in technology quickens. Companies are realising that they have to get this aspect right first time when they develop new products and processes." Wintech is one of a number of technology transfer bodies that have sprung up all over the industrialised world. With a modest budget of £1m a year, provided by the taxpayer, Wintech's brief is to raise the technological standards of companies in Wales.

The hope is that by this means the competitiveness of companies will improve, safeguarding employment and bringing wealth to this region of Britain. Wintech tackles this job by putting commercial concerns in touch with researchers at academic institutions and by looking further afield than Wales for sources of technical know-how that can help businesses in specific technical problems. For instance, the agency could arrange a licensing deal with an overseas company to bring a particular technology to Wales.

Another agency heavily involved in technology transfer is the British Technology Group, owned by the UK Government. Mr Ian Harvey, the group's chief executive, says the organisation is among the most proficient in the world in protecting inventions by taking out patents on behalf of individual inventors and funding them through litigation.

According to Dr Raymond Cass, secretary of the UK Licensing Executives Society, use of licensing by companies is increasing. "Buying in technology can often be a more certain route towards a particular business goal than doing the research and development yourself. Licensing becomes particularly attractive as the costs of doing R and D continue to rise."

Companies also often realise that they can benefit not just by licensing in but by selling their own technologies. Hence the moves by some concerns to set up their own units to distribute ideas from their own research departments to outsiders for a suitable fee. In the UK, British Telecom and Rolls-Royce are among the enterprises with such units.

Evidence in this growing interest in swapping of technologies between commercial enterprises comes from the steadily rising international trade in technology royalties and fees. In 1982 imports and exports of technical know-how came to roughly \$150bn for the US alone.

A number of specialist technology fairs have sprung up in which companies try to interest others in new ideas at their disposal. Probably the best known are the fairs organised by Dr Dvorkovitz and

Associates, a US consultancy based in Florida. The most recent such gathering, held in Orlando in May, attracted companies from 26 countries and offered licensing agreements covering 4,700 technologies. Among the participants in Orlando were such household names in industry as ASEA, Air Products, ICI, Westinghouse, Quaker Oats, Summit, 3M, Palmolive, Baxter, Travonol, Shell, Yamaha, Kawasaki, Mobil, Hoffman LaRoche, Fairchild and Combustion Engineering. Peter Marsh

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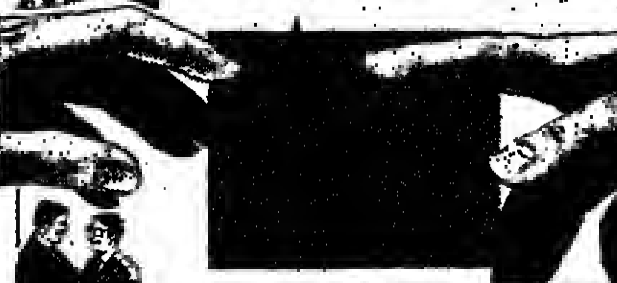
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Technology Transfer 6

Patenting

Pitfalls obstruct inventors progress

"THAT'S A good idea; you should patent it." This familiar phrase may be convenient verbal shorthand, but it is just not that simple.

For a start, ideas as such cannot be patented and patents are by no means the only kind of protection available for what the law calls intellectual property and innovation. Also, to win patent protection for an innovative idea can be an expensive process and is no guarantee of commercial reward.

The simplest and cheapest course of action, if someone has a bright idea, is to do nothing about protection. Inevitably this limits the chance of financial reward to whatever the originator can earn out of making and selling a product or service since no third party will pay royalties on an unprotected invention.

There is also a hidden pitfall. Someone else may apply for protection and obstruct the true inventor's progress. The trick here is to publish the idea, either by writing about it demonstrating it in a public place in front of witnesses ready to declare what they have seen. This will usually invalidate subsequent applications for protection. Alternatively, the originator can keep the idea secret for as long as possible. Inevitably this

is risky, because a third party may quite independently make the same invention and file a legally valid application for protection—blocking the originator's business.

Also, once an unprotected product goes on sale its secret is there for all to see. The safest, but most expensive course of action is to file for as many different kinds of protection as possible.

Anyone protecting intellectual property should accept from the outset that they need professional legal help. Like all legal advice, this is expensive, but doing without it can be disastrous.

It pays, however, to do some homework before seeking professional advice. In loose terms, a patent covers any idea which can be applied to industry; for instance, a process for making something, a product made or a way of using it. The idea must be new and not an obvious extension of what is already known. A patent lasts for up to 20 years, but heavy annual renewal fees must be paid to keep it in force.

Applications are handled by the Government Patent Office, and official fees amount to a couple of hundred pounds. A patent agent charges extra for drafting the application with a special mix of technical and

legal skills. The agent then helps answer the almost inevitable objections which are raised by the Patent Office examiners. To secure a British patent can easily cost £1,000, with higher fees in foreign countries and annual renewals on top.

A registered design covers ornamental innovation. There is a fine borderline between what is registrable and what is not. If a gear wheel needs fancy cogs to make it work, their design—however attractive—is unlikely to be registrable. But if the fancy shape of the cogs has been chosen simply because it looks good, then the design can probably be registered—provided that it is new.

Registered design protection lasts up to 15 years with renewals payable in two-year stages. Since a change of law in 1988, there has been a new situation which will sometimes let artistic copyright extend to cover mechanical designs copied

next session of Parliament, the situation will be rationalised; design registration will be increased to 25 years and design copyright protection will give 10 years of free protection on blueprints.

The registering of a trademark protects a name for any goods (and now services). There is no limit on the potential life of a trademark registration, provided renewal fees are paid. The first trademark, Bass for Beer, was filed more than 100 years ago and is still going strong.

Service marks can be very valuable. If a customer asks for Bass by name, the pub cannot legally serve something similar

from a rival brewery. Anyone can set up as a trademark agent, whatever their level of competence. But qualified agents have an internal system for checking trademark advice is to contact the Institute of Trademark Agents, Suite 5/5, Panther House, 58 Mount Pleasant, London WC1X 0AP.

A list of qualified patent agents is held by the Chartered Institute of Patent Agents, Staple Inn Buildings, London WC1V 1EZ.

The British Patent Office now at State House, 66-71 High Holborn, London WC1R 4TP, publishes free booklets with general advice. So does the CIPA.

Most patent agents regard their job as finished with the securing and maintaining of patent protection, which leaves the inventor on his or her own. As a result there has been a mushrooming growth in organisations which claim to help inventors sell their ideas. Some of these agencies undoubtedly do a good job, others are little more than sharks. Recently the Chartered Institute of Patent Agents stuck its neck out a little in response to the Office of Fair Trading's inquiry into patents, the institute offered valuable advice on exploitation.

An appendix lists, without comment, about two dozen firms which the institute says "might be described as exploitation brokers", adding that "there does not appear to be anything stopping anyone styling themselves 'exploitation broker' or some cognate term and setting up in business."

Some of these firms are based in America and these, the institute says, pose a particular threat to the unwary since they do not draw attention to the fact that there is a straightforward but vital difference between North American patent practice and that which operates in the rest of the world.

In North America it is usually safe to file a patent application after the inventor has told people about the idea and even sold some products. European law, and most other patent systems around the world, require "absolute novelty".

The inventor therefore must file at the Patent Office before disclosing anything to the public. In practice, often the best thing an inventor can do is to file a patent application through a patent agent, build a prototype and hawk it round any companies which look likely to be interested in mass-producing and selling it.

Barry Fox

To protect intellectual property can be a difficult and expensive process, with no guarantee of commercial reward for an innovative idea.

Specialist consultants

A queue of advisers stands ready

SAY YOU have an exciting new technology with promising market prospects—but no natural way within your company to develop it. What do you do?

Should you license it to an outsider who is already in the target market? Should you enter the market yourself, setting up the necessary manufacturing and marketing needed to support it? Or should you seek a joint venture arrangement with another company for manufacturing and distribution?

Should you set up an overseas office—if that is where the biggest market is? These are the sorts of questions that John Ostered is in the business of helping companies solve. He is partner in charge of a 100-person London group of the accounting firm Arthur Andersen & Co, called the Group Business Unit.

Although the company's work falls primarily into the supply of accounting, auditing and tax advisory services, Arthur Andersen is one among a number of accounting firms that have branched out into helping companies actually plan growth strategies.

They join a growing number of consultancies either setting up specifically for, or shifting toward, the demand for advice on growth, managing entry into new markets and other difficult

And, finally, making research and development more productive by, for instance, establishing links between scientists and people who manufacture and market the resulting products.

While Mr Krubasik's work deals mainly with large company clients, other consultancies are for the ripe field of technology-driven small growth companies—the best of which offer the promise of a big payoff if they can make it through the maze of bureaucratic red tape, often poor management and inadequate marketing expertise.

"People are more and more aware of the advantages of getting the right technology with the right people and the right money," says Mr Anthony Lurch, director of BASE International, an acronym for business applications of science and engineering. Demand, he says, is definitely growing. "When I look at our business level now compared to a year ago, there is a huge amount more going through."

While BASE does not manage a venture capital fund, its own resources include venture capital investors—among them Royal Life Insurance and the BP Pension Fund—and the company seeks to couple that money with situations that will successfully commercialise technology.

help big companies emulate internally the innovative phenomenon that occurs in small companies. SRI also has advised on how special compensation packages can be used to create incentive for people spun out of their regular jobs to pursue a potentially viable new product idea.

This could encourage a valuable employee to stay with a large company rather than leave to form a venture capital-backed start-up that holds out the promise of big earnings if the product is a success.

A number of consultancies offer more external services, acting much like brokers among companies which can benefit from one another. PAX Technology Transfer, for instance, helps companies identify opportunities and business linkage, as well as assisting in structuring the commercial relationship, according to the firm's brochure.

Access to firms advising on licensing technology products and services can be sought

Anthony Lurch:
demand is growing

through the Institute of International Licensing Practitioners in London.

Consultancies coping with innovation and technology transfer problems have cropped up as never before. Whether large company or small, it is perhaps easier than ever to find professional advice on the challenges of transferring technology from lab to market—with a profit.

Jane Rippeteau

Software

Challenge of the Fifth Generation

SOFTWARE development is a very research-intensive activity. Software is often written with the aim of finding a solution to a particular problem for a particular client and academic —to agree on common aims.

Through the extra effort required may only be marginal, it is not unusual for timescales not to allow this software to be made more widely applicable to similar generic problems; in other words, for the software to be adapted as a "package" for sale to third parties.

However, there is an increasing awareness of the commercial potential to be gained from the wealth of software locked away internally used only in academia and in research establishments in defence and government departments.

A number of organisations and commercial bodies have been set up to tap this potential. One of the most ambitious technology transfer programmes in the UK is the Alvey Project.

The Alvey Report's principal recommendation was that the UK should spend £50m over five years to develop a "Fifth Generation" computer and associated software in response to Japan's Fifth Generation Computer Project.

This supplements the EEC's 500m European Strategic Programme for Research on Information Technology (Esprit). The numerous individual components and technologies which make up the Fifth Generation Computer already exist on their own. They include research into technologies such as artificial intelligence, expert systems, robotics, machine vision, very large scale integration (VLSI) electronic circuitry, and so on.

Some of these technologies are only just beginning to trickle through from the laboratories into industry. The real challenge is to create the synergy implicit in the Fifth Generation Computer by combining them, to the extent that software will be indistinguish-

able from hardware. The technicalities alone are not the only problem. The main problem is in bringing together all the interest groups—involving industry and academia—to agree on common aims.

This is one of the aims of the Alvey Directorate in addition to its primary responsibility for distributing money to help bring this about.

Another forum for such discussions is SD-Insight, a study group focusing on artificial intelligence established in the private sector and sponsored by Systems Designers, a leading UK software business.

SD-Insight has an international membership, currently including 25 corporate members and almost 20 advisory members. It organises workshops, study visits, consultancy studies and co-operative projects and conferences throughout the year.

The problems of technology transfer in the UK was very much an issue at last month's SD-Insight's annual Alvey Lecture, delivered by Dr Alan Bundy, Reader in Artificial Intelligence at Edinburgh University.

Dr Bundy contended that the balance of public funding has moved too far from fundamental research towards short-term applied research, leading to an ever-widening gap between Britain and its international competitors.

"Although one finds some commercial products emerging from academia and some basic research done in industry, the normal pattern is of academics doing basic research and industry applying it," he claimed.

"There are obviously good reasons for this division of labour. Industry will only survive if it makes profit. Basic research tends not to yield an immediate profit." Dr Bundy argues that a close technical relationship requires a close personal relationship. One cannot easily hold

joint workshops with people in another country, and especially not in another time zone. "UK industry could not get its basic artificial intelligence research from the US. It must find itself not understanding that research soon enough or deeply enough."

One criticism of the Alvey Project is that it tends to benefit only large companies such as GEC, Plessey and Ferranti—those with the time and resources to do the paperwork.

The Software Products Schema, founded in 1974 and administered by the National Computing Centre, aimed to give smaller companies a chance and included funding for the marketing of software products.

About 10m had been allocated under the scheme until mid-1982, when funding was increased but then brought to an abrupt halt.

From mid-1982 to November 1983, £37m was allocated, followed by a moratorium which was not to be lifted until March 1985 when the scheme was re-introduced at a much reduced level of activity.

Other governmental technology transfer projects such as ExportIT and Transpotech have not survived despite a high level of enthusiasm initially. Transpotech was formally incorporated as a company by the British Technology Group in 1983 to market the accumulated expertise and software of the Department of Transport (DTp) and of the Transport and Road Research Laboratory (TRRL).

"Software marketing was one of the more successful elements of Transpotech," says Ian Catling, an independent computing and transport consultant who was involved in the project. "It freed civil servants from the responsibilities of servicing overseas customers for software developed in the UK. The Transpotech experience can be looked upon as a useful lesson, but perhaps the formula was

not quite right. "We are now trying to set up alternative marketing channels. Some companies were appointed by Transpotech to market DTp software and they are still active, though they deal directly with the department now."

One of these companies, MVA Systems, is a leading supplier of transport planning software.

Last year, it was awarded exclusive worldwide marketing rights for four DTp software products—Transp, providing calculation facilities for setting and phasing traffic signals; Contrans, for traffic planning; and Arsy and Picas, for analysing traffic capacities and delays at road intersections.

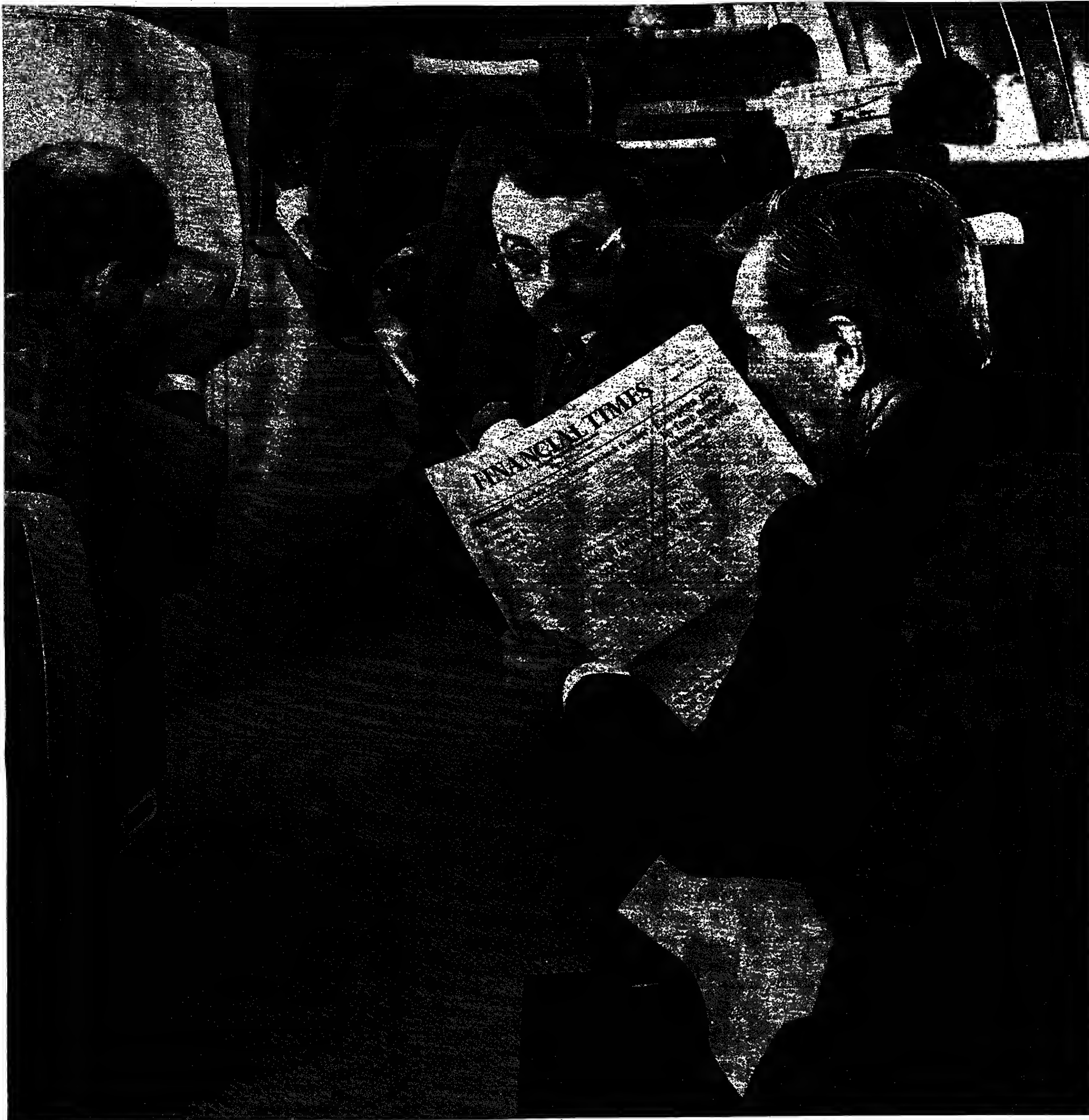
"Since then, there has been a steady stream of inquiries from all over the world," says Mr Hugh Nefford, managing director of MVA Systems.

Defence also appears to be a lucrative source of software for commercial use. Defence Technology Enterprises (DTE), a company set up towards the end of 1985, was formed specifically to transfer technology, both hardware and software, from Ministry of Defence research establishments to industry for civil applications.

The company is the result of a joint initiative between the MoD and a consortium of well-established companies. DTE enjoys the unique advantage of being allowed freedom of movement and access to scientists and engineers within a number of MoD research establishments.

Any business may become an associate member by paying an annual subscription, in return for which they may attend DTE seminars and conferences, receive its quarterly newsletter, and employ DTE staff at MoD establishments to search for specific technologies or seek answers to technical problems under consultancy arrangements.

Boris Sedacca



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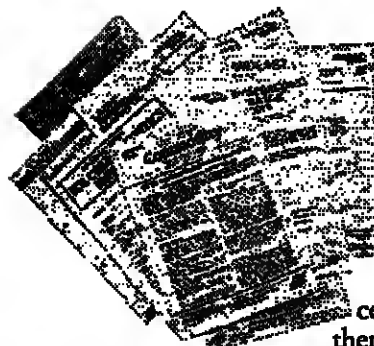
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